

DECEMBER 25, 1978

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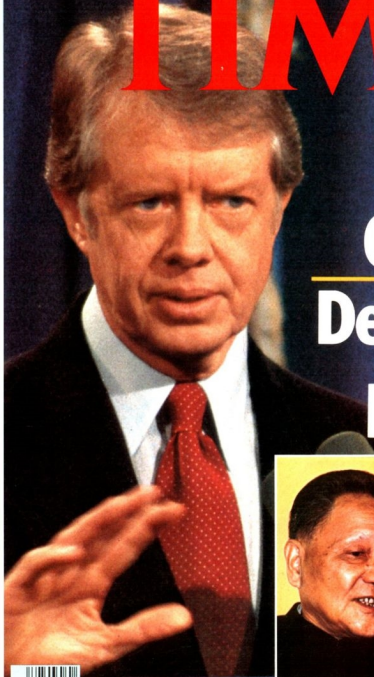
TIME

THE MUPPETS:
Manic Magic



Deal
with
China

Deadlock
with
Israel



Teng Hsiao-p'ing



Menachem Begin

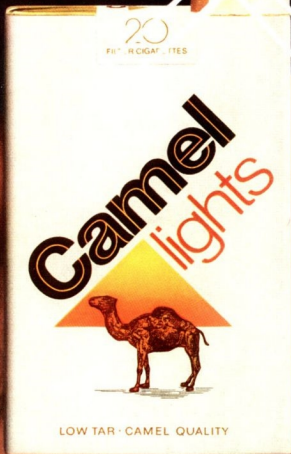


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A Christmas Prayer

Let us pray that strength and courage abundant be given to all who work for a world of reason and understanding ✧ that the good that lies in every man's heart may day by day be magnified ✧ that men will come to see more clearly not that which divides them, but that which unites them ✧ that each hour may bring us closer to a final victory, not of nation over nation, but of man over his own evils and weaknesses ✧ that the true spirit of this Christmas Season—its joy, its beauty, its hope, and above all its abiding faith—may live among us ✧ that the blessings of peace be ours—the peace to build and grow, to live in harmony and sympathy with others, and to plan for the future with confidence.

New York Life Insurance Company



A Letter from the Publisher

After spending some time with Kermit, Miss Piggy, Trashman and the rest of Jim Henson's Muppets, the members of our staff who worked on this week's Show Business story underwent a remarkable transformation. They all began by assuming that Muppets were strictly for kids, but they ended up shaking Kermit's hand, being cautious in the presence of Statler and Waldorf, and avoiding the near-lethal karate chops of Miss Piggy. "It's magic," says Reporter-Researcher Janice Castro. "The Muppets have something that is real: straightforward humanity. All of their feelings are right out front. How can you not believe that they are real?" When Castro donned Trashman's costume, she even found herself thinking like a Muppet. Says she: "I felt as if I could fly."

Los Angeles Correspondent James Willwerth, who covered the activities of the Muppets on the West Coast, had the pleasantly eerie sensation that he had wandered into a different world, a kind of Disneyland as imagined by *Mad* magazine. "Everyone needs a dose of cartoon fun at regular intervals," says Willwerth, "but cartoons without subtlety can be pretty

flat, and the Muppets have something extra that leapfrogs—forgive the pun—over the virtues of human acting."

Writer Jack Skow started out thinking the story was simple enough. "Then," he says, "I found myself feeling as if I were trying to stop 4,000 Ping Pong balls from rolling off a table." Trying to pin down the mystique of Muppet mania, Skow first tried to attack the question scientifically, only to



Keyser and Castro communing with Muppets

throw up his hands cheerfully in the end. Says he: "The trick in writing the story was to analyze the magic without destroying it."

Picture Researcher Rose Keyser visited the workshop where the Muppets are "born" and came away a true believer, like the rest of her colleagues. Says she: "Kids pick up the nuances in the Muppets. They enjoy the Muppets because everything else is a rerun. This is fresh, with universal appeal." And then she had a happy thought for the holidays: "I only wish that I could have

all the Muppets to my house for Christmas dinner." As you'll see in this week's six-page story, that would guarantee a very merry Christmas indeed.

John A. Meyers

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WISH SOMEONE SMOOTH SAILING ON THE YULETIDE.

As your friends embark on this holiday season, make them a gift of Cutty Sark Scots Whisky. It will assure them the smoothest possible journey.

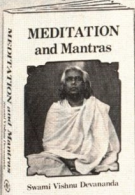


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A People
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EVERY WEEK.



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TIME, DECEMBER 25, 1978

HOW THE BELL SYSTEM OVERSEES 40 MILLION LONG DISTANCE CALLS A DAY. ON AN EASY DAY.



The Network Operations Center, Bedminster, New Jersey.

You are looking at the Bell System's Network Operations Center. Here, our technology and people work 24 hours a day to help your long distance calls go through quickly, effortlessly.

When you make a long distance call, it has several different routes it can take, automatically.

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Invasion of the Body Snatchers

The seed is planted...terror grows.

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Donald Sutherland • Brooke Adams • Leonard Nimoy

Jeff Goldblum • Veronica Cartwright • Screenplay by W. D. Richter,

Based on the novel "The Body Snatchers" by Jack Finney • Produced by Robert H. Solo



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Directed by Philip Kaufman



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"Her name is Marites. And she's the special child I sponsor. We share an affection for one another that is very personal and private. But I have decided to tell her story in the hope that I might be able to convince you to help someone like her.

"Marites lives in the Philippines. Four years ago she was an eight-year-old girl with little hope. Her father died, leaving her mother who is sick with lung disease as the only means of support for Marites and five other children. The family's extreme poverty forced Marites and her two older sisters to go to work just to survive.

"Then, thanks to the Christian Children's Fund, I was able to sponsor her. To help give her food, clothing and a chance to go to school without taking her away from the family she loves.

"For just \$15 a month, you too can help a child like Marites. You

can become a sponsor through the Christian Children's Fund. You needn't send any money right away.

"Just send the coupon. We'll send you a child's picture and background information. We'll tell you her age, how she lives, what she wears and how your 50¢ a day can help make a world of difference in a poor child's life.

"We'll also tell you about the project where the child will be helped, and explain how you can write to her and receive her very special letters in return. Please send in the coupon today to learn more about a child

you can help.

"You know, these kids are all in our family—yours and mine."



For the love of a hungry child.

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Letters

Guyana Horror

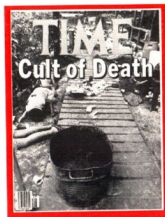
To the Editors:

Never has a magazine cover had such an impact upon me. That single photograph of the dead in Guyana [Dec. 4] brought the entire Boschian horror into focus. The scene will be forever engraved in my memory.

Michael Swartz
Alexandria, Va.

You offend me. I ripped off the cover and all interior photographs, in living color, of the massacre. They reflect the same loss of human dignity that the events in Guyana themselves represent.

Nancy C. Warmbrod
Huntsville, Ala.



The Rev. Jones, Guyana—my God! It is a stunning, numbing thing. One can only wonder what social errors permit such horrors to occur, all in the face of history, all in the name of God.

Sylvia R. Morovitz
Lynnfield, Mass.

Whenever final loyalty or trust rests in humanity or a human being—whether guru or general, seer or scientist, priest, president or pop psychologist—then dreams will be shattered and hopes destroyed, and the agony of alienation or the despair of death will seem to be the only alternatives.

(The Rev.) R. Marcus Osterstad
Waller, Texas

Almost as amazing as the events in Jonestown is the apparent willingness of the American people to foot the bill for this madness. That's carrying the concept of collective guilt too far.

Joseph King
San Francisco

Jones saw the handwriting on the wall, and the words spelled nuclear war. So, choosing to march to a different drum-

beat, Jones' disciples followed him into the jungle. Their humanistic dream: to build a better world. But, as it turned out, the handwriting was a forgery, the drummer was mad, the humanism bankrupt and the dream a nightmare.

Philip G. Wik
Carol Stream, Ill.

The est Extravaganza

It is very appropriate that the articles concerning the est extravaganza and the events in Jonestown appeared in the same issue [Dec. 4]. I dedicated myself to est for 1½ years. Only when I moved to a place where there were no other est people around was I able to think clearly again.

Deborah King
West Hartford, Conn.

Quit knocking the human-potential movement. What is wrong with believing that people have immense potential, that they matter and that they can do a good deal to make this world a better place? What's wrong with love, health, integrity and happiness? The only way to develop human potential is to believe it exists in each of us.

Viki Stackig
New York City

Choice Words

Please pass the word to Professor Frederic Cassidy to come to Baltimore for some choice regionalisms [Dec. 4].

Not only do we call hero sandwiches submarines, but, in Baltimore, closet is cupboard, and sidewalk is pavement—as in London. Also, a kitchen sink is a zinc, asparagus is sparrow grass, and hydrangea is high geranium.

Louis F. Cahn
Baltimore

Surely Professor Cassidy would like to know that in Baltimore when a man mows his grass he is said to be out on his lawn with his "paramour."

Chase Stone
Annapolis, Md.

Professor Cassidy surely didn't venture south of the Mason-Dixon when he checked various parts of the U.S. for "heavy rain." Every Southerner knows it's a trash-movin' gully washer.

Joyce Allyn
St. Petersburg, Fla.

Mothered Out

Teach my children at home [Dec. 4]? The American housewife has performed a multirole job for so long, for so little, that heaping yet another "small" responsibility on her seems too casual. Mr. Educational Theorist Holt, you are not, nor will you ever be a mother. Even to suggest that we cheat ourselves out of that

wonderfully inevitable day when the little kiddies finally start first grade is cruel. I'm "mothered out!"

Lynn Fink
Cleveland

It is reassuring to learn that there are a number of parents who, "believing they can do it better," teach their children at home. I have been teaching two of mine since September, and it has been a rewarding experience for both the children and me. In the atmosphere of comparative freedom, lack of censure, and individual attention at home, I have seen them flourish in academic and other ways.

Cynthia W. Vail
Haymarket, Va.

Man of the Year

Man of the Year, for responsibility in the Horror Story of the Year: James Warren Jones.

Walter T. Sokolski
Kalamazoo, Mich.

Vice Premier Teng Hsiao-p'ing of China.

Bernard Sinshemer
Boulogne, France

Why not Pope John Paul I? Our smiling September Pope who captured the love and respect of the world in such a short time?

David Augustine
St. Cloud, Minn.

Pope John Paul II. His election has finally torn the Iron Curtain.

G.S. Hiranyappa
Bangalore, India

For People of the Year I nominate the Vietnamese boat people, the untouchables of the South China Sea, for their determination, defiance and courage.

Mrs. Duong Vu Ba
Hopkins, Minn.

Manager Bob Lemon. He brought the Yankees back together when nobody else believed it was possible.

Bob Imperato
Jamaica Plain, Mass.

Those Blessed Little Ladies

Re American Manners [Nov. 27]: after a number of rude refusals some years ago, I abandoned the practice of offering my bus or subway seat to little old ladies. However, I have again begun offering. Recently, I was on crutches, and it was those same little old ladies who insisted that I take their seats. I say God bless 'em!

Ronald E. Reafs
Alexandria, Va.

Address Letters to **TIME**, Time & Life Building, Rockefeller Center, New York, N.Y. 10020

STAR LIGHT

...so bright it lights the day and the night

CHRISTMAS IS THE SEASON OF LIGHT ...

Inside and outside lights in many forms and colors
send the season's greetings to every passerby.

The star in the East is the light of birth, Christ's birth. It guides my pen.
It moves my brush. It lights our paths.

The sun and the moon and the stars shine on the works of men and women.
We work in the light and cast our shadows behind us.
Like a lantern, light illuminates our daily task
and wipes away the darkness.

No scientist, no theologian, no poet knows the mystery of light,
but everyone sees and feels its presence.

It plays no favorites. It shines on you and everyone.
It reflects on the water and its reflections come to me,
and yet, the same reflections come to the stranger across the sea.

Light radiates outward and upward. It spills color on the land
changing the tints of morning to the full hues of noonday
to the shades of twilight—from white to deep black in a drama forever new.

Light, inner light, is the gift God gives to us.
We in turn radiate that light to our neighbor.

The star that marks the birth of Christ is in every light
in the heavens and on the Christmas tree.
Each star, each light, beckons and speaks: "Follow me."



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New National Smoker Study:

“Wish I'd Tried One Sooner.”



Low tar MERIT proven major alternative for high tar smokers—see results below.

Can low tar MERIT packed with 'Enriched Flavor' tobacco measure up to the taste expectations of current smokers of high tar cigarettes?

Read the results from a new, nationwide research effort involving smokers who actually tested MERIT against leading high tar brands.

Results Confirm Breakthrough

Confirmed: Majority of high tar smokers rate MERIT taste equal to—or better than—leading high tar cigarettes tested! Cigarettes having up to twice the tar.

Confirmed: Majority of high tar smokers confirm taste satisfaction of low tar MERIT.

And in detailed interviews conducted among current MERIT smokers?

Confirmed: 85% of MERIT smokers say it was

an “easy switch” from high tar brands.

Confirmed: Overwhelming majority of MERIT smokers say their former high tar brands weren't missed!

Confirmed: 9 out of 10 MERIT smokers not considering other brands.

First Major Alternative To High Tar Smoking

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This ability to satisfy over long periods of time could be the most important evidence to date that MERIT is what it claims to be:

The first real taste alternative for high tar smokers.

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Kings: 8 mg “tar,” 0.6 mg nicotine—
100's: 11 mg “tar,” 0.7 mg nicotine av. per cigarette, FTC Report May '78

Warning: The Surgeon General Has Determined
That Cigarette Smoking Is Dangerous to Your Health.

MERIT

Kings & 100's



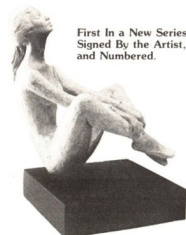
Peggy Mach's *Variations On A Theme, "Interlude"*. Height: 12 $\frac{1}{2}$ inches with black lacquered wood base, (11" without base.) Also in bronze with walnut base.

MUSEUM COLLECTIONS Announces:

Two delightful dance sculptures. Available only in limited edition.

Both young dancers are in their practice leotards, one gently limbering and stretching — the other in complete repose, perhaps dreaming of the day she will perform in the corps de ballet.

These exquisite ballet figures are offered in an edition of 975 each.



**First In a New Series,
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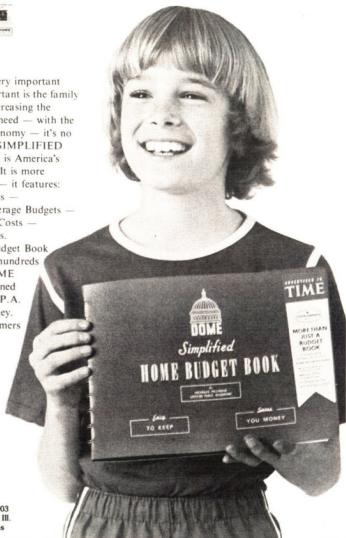
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TED CORWELL

American Scene

Grand Tidings of Comfort and Joy



There is first that pause, just after dawn, when a child wonders why he is awake so early. Then comes the realization: it is Christmas morning, and all the visions of sugarplums and electronic video games have been miraculously transformed, he hopes, into a heap of treasures waiting beneath the family tree.

Across the land this week, millions of these marvelous trees are being bought, carted home, decorated, admired. At the White House the Carter family has three trees. A 30-foot spruce, lighted last week, graces the Ellipse and serves as the na-

tional tree. A 20-foot fir, surrounded by antique toys and a miniature house set up by Amy, dominates the Blue Room. Another tree stands in the upstairs living quarters. But on Christmas morning, Amy and her family expect to be in Plains, where they will celebrate beside a tree cut this week by the President himself.

Christmas trees in America are public monuments too, symbols of communal celebration. In Bath, Me., the town's tree was placed atop a shipyard's 400-foot crane so it could be seen 30 miles away.

Merchants are as tree-happy as any-

San Francisco's marina, a Marshall Field's tree and a \$3 million jewel display





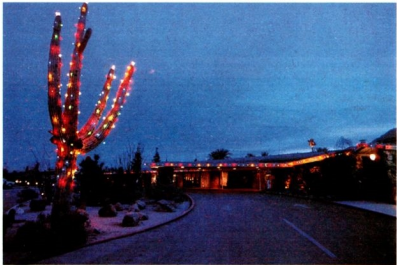
Like a spattering of stars, lights sparkle on a Dallas pecan tree



In the Blue Room of the White House

one, if not more so. A Beverly Hills jewelry store, Fred Joaillier, decorated a three-foot pine with \$3 million worth of trinkets. Included were a \$295,000 pearl-shaped diamond, a slightly less expensive 32-carat yellow diamond, and clusters of sapphires and rubies. But the store's insurers played Scrooge; they ordered the jewels put in a safer place.

St. Boniface bade the Druids to celebrate the birth of Christ by decorating one of their sacred pines, and Martin Luther blazoned a small fir with candles to share with his family the beauty of the Christmas Eve stars. But Americans are inventive, and they turn almost anything into a Christmas tree. In Dallas, a spreading pecan that sprang from a cornfield 100 years ago shines gloriously every December. In Arizona, strings of lights gleam from giant cacti. And in San Francisco, the masts and spars of boats at the marina cast a cheerful glow as they evoke the forests that once were.



A saguaro cactus in front of an Arizona motel; Christmas lights from a Massachusetts railroad park shine across a cranberry bog

STEVE GARDEN





President Carter: orchestrator of a diplomatic coup



Vice Premier Deng: chief architect of Peking's Great Leap Outward

Nation

TIME/DEC. 25, 1978

COVER STORIES

Carter Stuns the World

Thwarted in the Middle East, he suddenly plays the China card

It was the most momentous foreign policy announcement of Jimmy Carter's two-year-old presidency, and one of the most important in recent U.S. history. At precisely 9:01 Friday evening, the President, seated at his gleaming wooden desk in the Oval Office, looked gravely into the TV cameras and in a calm, steady voice revealed that the U.S. and Communist China had secretly and suddenly decided to end nearly 30 years of bellicose estrangement. The two countries would establish normal diplomatic relations on Jan. 1.

Under the agreement, the U.S. would terminate formal diplomatic relations with Taiwan, cancel the 1954 mutual defense treaty that committed the U.S. to guarantee Taiwan's military security and withdraw the 700 U.S. troops now on the island. On March 1, the U.S. and Peking

would exchange ambassadors. Moreover, said Carter, Chinese Vice Premier Teng Hsiao-p'ing, 74, the shrewd and pragmatic chief architect of Peking's remarkable Great Leap Outward to the West, would visit Washington at the end of January for an unprecedented series of summit talks.

With that stunning announcement, Jimmy Carter capped a period of extraordinary diplomatic activity. Not for years has an Administration engaged itself on so many fronts of such complexity all at the same time. At the beginning of the week came word that Vance would meet with Soviet Foreign Minister Andrei Gromyko in Geneva Dec. 21 to put the finishing touches on the long-stalled SALT II treaty to limit nuclear weapons. If all goes well—and White House officials maintained that the changed relations with Pe-

king would not affect the SALT talks—Carter is expected to hold his first summit next month with Soviet Party Chairman Leonid Brezhnev to sign the pact.

Next, Carter dispatched Vance to the Middle East in an effort to spur Egypt and Israel into reaching final agreement on a peace treaty by the Dec. 17 goal set at the Camp David summit. That deadline was not to be met. Together, Egypt and the U.S. arrived at compromises on the few remaining points that were not settled at Camp David. But the Israelis rejected the proposals with an intemperate rebuke that threw into doubt both the immediate future of peace negotiations and of U.S.-Israeli relations.

Meanwhile, the U.S. was trying to find a way to help calm the continuing upheaval in Iran. Even as the White House

was assertively supporting Shah Mohammad Reza Pahlavi, George Ball, an Under Secretary of State in the Kennedy and Johnson administrations, now acting as a special consultant to Carter, was reportedly recommending that the U.S. encourage civilian rule. Finally, Carter was getting ready for a Western summit Jan. 5 and 6 on the Caribbean island of Guadeloupe with British Prime Minister James Callaghan, French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt.

Overseas reactions to Carter's speech were swift and mostly favorable. Though the Taiwanese were dumbfounded, accusing the Administration of treachery, other Asian governments gave support. Japanese Prime Minister Masayoshi Ohira told Carter by phone that the move "will contribute to the peace and stability of Asia." Seoul hoped that the development might lead to a resumption of talks with Pyongyang on the unification of Korea. Pro-Western Thailand suddenly felt less isolated. Said Teh Chongkhadij, editor of the Bangkok *Post* and a confidant of Prime Minister Kriangsak Chomanan: "It's a good move. It returns the U.S. to the arena in this region."

British Prime Minister Callaghan phoned Carter to express his government's strong support. The West German government, usually critical of Carter, issued a statement of praise. Said a senior Bonn official: "It had to come sooner or later, and the longer it was postponed the more difficult it was bound to be."

In the U.S., most liberal members of Congress supported normalization, while many conservatives harshly accused the Administration of abandoning Taiwan. One certain consequence: a rousing battle over termination of the Taiwan treaty. The divisions on Capitol Hill paralleled the contradictory views of the American public. A Harris poll last fall showed that, by 66% to 25%, Americans favored full diplomatic relations with Peking; but by almost the same ratio, they opposed withdrawal of U.S. recognition from the government of Taiwan and cancellation of the defense treaty.

The surprise over the secret negotiations was not lessened by the fact that the U.S. has been seeking improved relations with mainland China for almost seven years, ever since President Richard Nixon's breakthrough visit to Peking in 1972. Nixon and Chinese leaders pledged in their Shanghai communiqué to work toward normalization. But because of Watergate, Viet Nam, Mao Tse-tung's death, and other problems, the two countries made little headway until Jimmy Carter took of-

fice. The chronology of events, as put together in part from interviews conducted Saturday morning by TIME Correspondent Christopher Ogden with Vance and National Security Adviser Zbigniew Brzezinski:

Early this year, Brzezinski, who is well regarded by the Communist Chinese regime because of his strong anti-Soviet opinions, was dispatched to Peking by Carter. The President authorized him to tell his hosts that, as Carter put it, "the U.S. has made up its mind" to achieve full normalization of relations.

The Chinese were interested. At an elaborate dinner party, Vice Premier Teng told Brzezinski that he wanted to

Soon after Brzezinski returned to Washington, the Administration gave Leonard Woodcock, the former United Automobile Workers president who heads the U.S. Liaison Office in Peking, full authorization to negotiate with the Chinese. During the summer and fall, Woodcock met with Foreign Ministry officials seven times. In Washington, meanwhile, Brzezinski met a dozen times with China's envoy, first Han Tsu and later his successor, Ch'ai Tse-min. Their talks took place in Brzezinski's office, the Chinese Liaison Office on Connecticut Avenue, and Brzezinski's home in Virginia. The negotiations were conducted in absolute secrecy, despite Carter's past assertions that secret diplomacy is objectionable.

The White House set up a high-level group to monitor the talks with the Chinese. Its members consisted of Brzezinski, Vance, Richard Holbrooke, Assistant Secretary of State for East Asian and Pacific Affairs, and Michel Oksenberg, a staff member of the National Security Council. The chief advocate of the China move continued to be Brzezinski, who has long urged normalization, in part to counter Soviet expansionism, but he worked closely on the project with Vance.

On Sept. 19, Carter prodded the Chinese at his first formal meeting with Ambassador Ch'ai at the White House by again laying out his terms for normalization: Peking must allow the U.S. to keep its economic and cultural ties with the Nationalist Chinese and agree, at least tacitly, not to reunite Taiwan with the mainland by force. The Chinese began dropping strong hints that they were getting ready to accept the U.S. terms. In late November, for instance, Teng told a visiting Japanese delegation that diplomatic relations with Tokyo had been restored "in one second" and that relations with Washington could be restored in "two seconds."

In diplomacy, a second can be the equivalent of a week, and, in fact, the final stage of the bargaining took only two weeks. In early December, the Chinese Foreign Ministry told Woodcock that Teng wanted to see him. Woodcock flashed the word to Brzezinski and Carter, who summoned Ch'ai and told him that if the negotiations were concluded satisfactorily, the President wanted to invite "one of your top officials" to the U.S. On Tuesday, Dec. 12, Woodcock was summoned by Teng. "I understand your Government has invited Chinese leaders to the U.S.," Teng said briskly. "I will go." After the meeting, Woodcock called Carter: "My God, they've accepted. I think we've got something."

Both sides immediately began working on the language of a joint commu-



Chairman Hua Kuo-feng at an unprecedented press conference in Peking



Selling copies of the *People's Daily* with the big news

Said Woodcock: "My God, they've accepted."

visit the U.S., adding that he had only three years in which to do it. The statement baffled Brzezinski, who thought at the time that Teng was referring merely to his advancing years. In retrospect, however, the Chinese leader may have been mysteriously hinting at something more significant.

Taiwan: Shock and Fury

An angry mob threw eggs and rocks at the U.S. embassy on Taipei's Chung Hsiao West Road. Some 2,000 tried to storm an American compound and were driven back by Marines with tear gas. Near by, students daubed slogans on white sheets taped to the walls. One message: "We protest American recognition of the Communist bandits. We will oppose Communism to the death."

The mood was tense and bitter as Taiwan struggled to come to terms with America's virtual abandonment of its onetime ally. President Chiang Ching-kuo, 68, had only a few hours' warning of the move from U.S. Ambassador Leonard Unger, who was himself startled by it. Chiang lost no time in calling an emergency Cabinet meeting, putting all military units on alert and issuing an angry statement. Carter's decision, he said, "has not only seriously damaged the rights and interests of the government and people of the Republic of China but has also tremendous adverse impact upon the entire free world." As a gesture to erase the shame, Taiwan's Foreign Minister Shen Ch'ang-huan resigned.

Despite the reaction of shock and anger, the Nationalists have long known that the change was coming. Expelled from the U.N. to make room for Peking's delegation in 1971, Taiwan last week could count only a sad roster of 22 foreign countries that still recognize its government. Nearly 50 had switched to Peking. Among the holdouts, only Saudi Arabia carries weight internationally.

Yet for all its political isolation, Taiwan has thrived economically. Its exports of color TV sets, textiles and electronics to the U.S., Japan and many European countries have earned it a place in the top 20 trading nations of the world.

Though Taiwan has a population of 17 million in a land area smaller than Holland, its foreign trade amounted to \$17.9 billion in 1977, more than the \$16.4 billion that China herself generated in the same year. Business with the U.S. was particularly good—around \$7 billion this year, more than the total of America's trade with the Soviet Union and China put together.

The U.S. made possible such prosperity not just by its defense alliance with Taiwan but by sponsoring Taiwan's membership in such key international financial organizations as the World Bank and the International Monetary Fund. Now Taiwan's eligibility for loans from these organizations will come into question. Particularly endangered is the island's most-favored-nation status.

Indeed the whole business climate of the island may be its most vulnerable element once the American defense umbrella is removed in 1980.

Very few of Taiwan's inhabitants fear an actual invasion from the mainland. China currently lacks the landing craft and other military equipment for such a move. Taiwan's armed forces of 474,000 men, including a well-trained air force of 316 combat aircraft, 165 of them F-5A/E interceptors that it has built under U.S. license, would make a direct assault on the island extremely costly. Furthermore, the U.S. is maintaining the right to continue selling defensive weapons to Taiwan. Privately, however, the island's officials worry about the possibility of a Communist submarine blockade against Taiwan's deepwater ports, a challenge that could starve Taiwan into submission.

Once the mutual defense treaty is abrogated, Taiwan still has two conceivable military options: alliance with the Soviet Union, or development of a nuclear deterrent. Both have obvious drawbacks, and either could provoke Peking into pre-emptive military action. Yet the prospect is not for a military solution but for a war of nerves, of feints and harassments, always combined with suggestions of surrender. Said a Taiwan diplomat: "We just have to stay where we are come hell or high water. We have no option."



Anti-U.S. demonstrators in Taipei

nique. That evening, Brzezinski and three other officials gathered in Brzezinski's office. Carter soon sauntered in, wearing blue jeans and a western-style sport shirt. The group worked past midnight, with dispatches rocketing back and forth across the international date line. The cables to Washington totaled about 120 pages and were kept in a bright red card-board folder on Brzezinski's desk. They were heavily annotated. Carter's comments ("Good," or "What is meant by this?") were neatly written in green ink; Brzezinski's replies were scrawled in pencil or black ink.

On Wednesday, when Vance phoned to report that the Middle East peace talks had hit serious snags, Carter told him in cryptic language—even though he was using a scrambler phone—that the agreement with Peking was almost set. The President referred to it as "the matter that only five of us are involved in." After several more exchanges of cables with Peking, Brzezinski informed Carter at about 1 p.m. Thursday that work on the communiqué was finished. The President smiled and said, "Good deal."

By now a dozen U.S. officials knew about the agreement, and Carter ordered them to maintain absolute secrecy. The President, during an interview Thursday with ABC's Barbara Walters, gave a deft and disarming response to a question about China. There was no hint that a historic development was imminent.

Although Vance had told no one traveling with him, not even his closest aides, what was going on, he had let on that the new matter involved foreign policy and was not connected with the Middle East. When reporters in Washington asked Press Secretary Jody Powell for clarification, he silently closed his door.

By Friday, it became obvious to everyone in Washington that something important was about to happen. At 3 p.m. Soviet Ambassador Anatoli Dobrynin showed up at Brzezinski's office. When the envoy departed a few minutes later, reporters pressed around him to ask what had been discussed.

"Christmas," said Dobrynin.

The reporters asked for a better answer.

"Chess," he answered.

Carter, after jogging calmly around the South Lawn, called in congressional leaders for a 6:15 p.m. briefing and then swore them to secrecy.

That evening the suspense ended, on both sides of the world. While Carter was reading the joint communiqué on TV in the U.S., Hua Kuo-feng, China's Premier and Communist Party Chairman, was reading the statement to about 100 Western and Communist reporters in Peking. It was the first press conference ever held by a Chinese Communist Party Chairman, and Hua was in good form. He even

answered a few questions, ritualistically describing Taiwan as "a sacred territory of our country" and its people as "compatriots of our own flesh and blood."

The people of mainland China seemed to react with pleasure to Hua's announcement. Reported TIME Correspondent Richard Bernstein, who heard the news while traveling through Nanning, a Chinese city about 100 miles northeast of the Vietnamese border: "The bearer of the good tidings was the director of the art institute, Ho Wei-ch'ing. He shouted toward us, 'Are there any Americans in that group?' 'Yes,' I answered, 'I am an American.' He reached out and touched me with his hand. 'I have some joyful news,' he said, and related Hua's announcement. There were handshakes all around. The feelings of the man on the street may not have been as enthusiastic as Ho's, but most Chinese felt some satisfaction over the change. A Communist border guard near Hong Kong spotted a tourist's American passport, broke into a broad grin and exclaimed: 'We're friends now!'"

During his TV announcement, Carter took particular pains to assure the Nationalist Chinese and their U.S. supporters that the new ties to Peking "will not jeopardize the well-being of the people of Taiwan." The U.S.-Peking statement acknowledged that "there is but one China, and Taiwan is part of China" (a view shared by the Nationalists on Taiwan). It also specified that the U.S. recognizes Peking as the "sole legal government of China." But the statement went on to declare: "Within this context, the people of the U.S. will maintain cultural, commercial and other unofficial relations with the people of Taiwan."

In a further effort to mollify Taiwan, the Administration implied strongly that they had received tacit assurances that



China's Ch'ai Tse-min met in secret talks

"Good deal," said the President.

Peking would not invade Taiwan. In the Shanghai communiqué, Peking insisted that it had the right to liberate Taiwan. Mainland China, Tengg now told the Administration, will seek reunification, but slowly, peacefully, and in a manner that will not disrupt Taiwan's capitalist economic system. The U.S. will continue to sell Taiwan "selective defensive weaponry"—which might include interceptor aircraft, artillery, and antitank weapons. Said Carter, during an unusual visit to the White House press room after his speech: "The interests of Taiwan have been adequately protected."

Another of Carter's major concerns was to assure Moscow that the agreement with mainland China was not meant to challenge or provoke the Soviet Union, even though the U.S.-Peking communiqué condemned "hegemony," which is a Chinese code word for Soviet expansionism. To counterbalance that possibility, the communiqué pointedly said that the new step was not taken for "transient, tactical or expedient reasons," diplomatic language implying that Carter's China action was not in any way directed against Moscow. Vance told TIME: "We will treat the Soviet Union and China equally and not play one off against the other."

The Kremlin's reactions are hard to measure, but Western diplomats in Moscow agreed with Carter's assessment that the Soviets had long expected the U.S. move, and that, as the President said, this week's SALT talks "will not suffer any adverse effect." If all goes well, the Carter-Brezhnev summit is tentatively set for some time during the week of Jan. 14.

In the U.S., Taiwan's longtime friends in the Senate were furious over the rapprochement with Peking. Utah Republican Orrin Hatch contemptuously called Carter's foreign affairs advisers "loose-jointed and weak-kneed diplomats" and declared that the President should have held out for a better deal on Taiwan. Said Hatch: "All he had to do was stand fast. Mainland China needs this relationship more than the U.S. does." Arizona Republican Barry Goldwater accused Carter of having committed "one of the most cowardly" presidential acts in history and threatened to sue him in court on the questionable ground that a President cannot cancel a treaty without the Senate's approval. Liberal Republican Jacob Javits

What Brzezinski Sees

When Energy Secretary James Schlesinger saw China's Chairman Hua Kuo-feng in November, he was asked to relay greetings to only two men in Washington: Jimmy Carter and Zbigniew Brzezinski. The President's National Security Adviser, who made a diplomatically crucial visit to China last May, has long been the most forceful advocate within the Administration of normalizing relations with Peking. Last week TIME Diplomatic Correspondent Sirobe Talbott interviewed Brzezinski on his thoughts about the changing Sino-American relationship:

Some Brzezinski critics have accused him of unseemly haste in seeking to normalize relations with China and of an obviously anti-Soviet motivation for wanting to do so. Brzezinski vigorously denies the charges.

"The U.S. has a long-term, common strategic interest in the improvement of our relationship with the People's Republic," he says. "This is not motivated by some tactical 'China card.' It stems from an interest, jointly shared with China, in a world of many centers of power

—what we call diversity, or what the Chinese occasionally describe as non-hegemony."

Moscow views China's opening to the West as potentially threatening and sees Brzezinski as the principal villain in a plot to set up an anti-Soviet alliance involving China, Japan and NATO. Brzezinski rejects that view: "A China that is increasingly modern, increasingly capable of dealing with its large number of people, increasingly a factor in stability both in its region and in the world as a whole—a China that is strong and secure—that is a China we would like to see. We do not see cooperation among China, the U.S., Western Europe and Japan as a hostile design against the Soviets. In different ways and on different issues, this same cooperation should also involve the Soviet Union. We see no fundamental incompatibility between a better relationship with China and a better relationship with the Soviet Union."



Moscow foe

Finally, in an oblique dig at former Secretary of State Henry Kissinger, who attached primary importance to Soviet-American détente, Brzezinski adds: "What we are doing in our relations with China should have been done anyway, whether our relations with the Soviet Union were much better or much worse."

Nation



Chou En-lai and Richard Nixon at a farewell banquet during Nixon's 1972 visit to China

Instead of waiting for Jan. 1, Carter told his aides, "Let's do it right now."

of New York complained that Carter had not sought the advice of Congress before making his decision—especially since the House and Senate passed a resolution this year demanding just such advance consultation on the issue.

Carter actually had a solid basis for acting on his own in deciding to end relations with Taiwan and terminate the mutual defense treaty. The Constitution requires that treaties be ratified by the Senate but does not require a Senate vote on cancellation. Moreover, a clause in the Taiwan defense treaty permits either side to cancel it on one year's notice, which is precisely what Carter is doing. But conservatives can sponsor resolutions condemning what Carter has done. Or, as seems likely, they can try to block the nomination of Carter's choice for first U.S. Ambassador to Peking, who must be confirmed by the Senate. That nominee is expected to be Woodcock.

Whether Carter will prevail in the end is uncertain, but he can count on a number of strong allies, including Frank Church, the next chairman of the Senate Foreign Relations Committee. Praising Carter for having "cut the Gordian knot," Church declared: "His decision to recognize China finally brings American policy into line with Asian realities." Many Senators brushed aside as unimportant Carter's failure to consult them. Said Maine Democrat Edmund Muskie: "We have been committed to normalization for six years, and everyone in Congress must have been aware that this dialogue was going on." Among other supporters of Carter's action were two prominent Republicans: Gerald Ford and Henry Kissinger. Kissinger's only reservation was that the U.S. should fulfill its "moral obligation to the people of Taiwan."

Carter sought to blunt some of the conservative reaction by indicating that

normalization would lead eventually to a bonanza for the American economy. He spoke to reporters glowingly of "the new vista for prosperous trade relationships with almost a billion people." U.S. trade with the mainland now totals only about \$1 billion a year. Says Ping-ti Ho, an expert on China at the University of Chicago: "The reason the Chinese have not bought from the U.S. is largely related to the absence of full diplomatic relations. Normalization will remove this barrier."

Most experts think that the change was inevitable and probably long overdue. Even they, however, were startled by the timing. Carter insisted that the final steps in the negotiating process had been taken at Peking's initiative and that



Ford testing the Imperial Vault's acoustics

A deal could be made in "two seconds."

the Chinese had done most of the giving. Said he: "We have maintained our own U.S. position firmly, and only since the last few weeks has there been an increasing demonstration to us that Premier Hua and Vice Premier Teng have been ready to normalize relations."

As is so often the case with China, there was no indication from Peking of why Hua and Teng had decided to bring the long negotiations to a successful conclusion. Whatever the reason—perhaps a desire to score a diplomatic triumph with the U.S. in advance of the expected SALT II agreement with the Russians—normalization was the latest step in what some Chinese term the New Long March, an all-out effort to modernize and industrialize their nation. It began soon after Mao's death two years ago and rapidly accelerated after Teng returned as Vice Premier in July 1977 to take effective control of China's foreign and domestic policies. Since then there have been many lower-level conflicts within the Chinese leadership, and ample evidence that Teng and his supporters have been winning most of them. To develop their economy as quickly as possible, the Chinese have negotiated new trade pacts with France and Japan, agreed to exchange students with the U.S., and begun bargaining for American technology, including communications satellites. Teng has been helped further in his negotiations with the U.S. by the fact that under his realistic leadership Taiwan is no longer at the top of Peking's list of priorities, as it was when Mao ruled the mainland.

But there still remained the question of why the Administration chose to announce the agreement with Peking so suddenly last week. Was it to divert attention from the failure of Vance's shuttle diplomacy? Was it part of an aborted attempt to score a diplomatic hat trick: successes on the Middle East, SALT and China all in two weeks? According to Administration officials, the answer is far simpler: the inability of the President's staff to keep a secret for very long. The plan originally was for Carter and Hua to make their announcements on Jan. 1, the date that normalization will take effect. But the agreement came almost too quickly. On Wednesday, Carter told his aides: "If we wait until Jan. 1, it will leak. Let's do it right now." Carter then cabled Teng: "Since we're ready, let's announce it." Teng agreed.

Whatever criticisms might come, Carter felt certain that he had scored a diplomatic success of the first magnitude and produced a stimulating climax to his second year in office. During his ten-minute announcement from the Oval Office, the President appeared totally impassive. Then, unaware that a radio tape was still running, he did a most unpresidential, but certainly human thing. Into his presumably dead mike he announced: "Massive applause throughout the nation!" ■

It's hard to forget someone who
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Above: At the Nile rest house, Vance (far left) bargains with Sadat (far right); below left: Begin at Golda Meir's funeral



Below: In Jerusalem office, flanked by aides, Begin faces Vance



Above: Anti-U.S. protest in Jerusalem; below: Sadat after meeting with Vance



COVER STORIES (CONTD.)

Angry Words Over a Deadlock

Egyptian, Israeli and U.S. negotiators miss a crucial deadline

Once before, when all seemed bleakest, they had pulled a rabbit out of a hat. This time, Egyptian, Israeli and U.S. negotiators came up empty. There was no last-minute miracle; for the time being, at least, there would be no signing of an Egyptian-Israeli peace treaty on the slopes of Mount Sinai or anywhere else, no end to three decades of deep hostility and open conflict.

U.S. Secretary of State Cyrus Vance shuttled for six days between Cairo and Jerusalem in hopes of getting a treaty by Sunday, Dec. 17, a psychologically important deadline because it had been set as the goal for a treaty when the Camp David summit concluded, in a burst of exuberant optimism, exactly three months earlier. But at week's end, reluctantly acknowledging that Egyptian President Anwar Sadat and Israeli Premier Menachem Begin were still far apart on the few unresolved issues, a disappointed Vance abruptly cut short his shuttle and returned to Washington. As Vance headed home, a weary Sadat met with his aides, and the Israeli Cabinet held a special five-hour session that resulted, to nobody's surprise, in a unanimous rejection of the latest Egyptian proposals.

Angry words flew back and forth, particularly between the U.S. and Israel. Begin accused the U.S. of adopting a "one-sided attitude," and his press secretary, Dan Pattir, protested that Washington was using "direct, brutal pressure" on Israel. Warned Israeli Foreign Minister Moshe Dayan: "If peace negotiations aren't renewed soon... we will have to start everything from the beginning." In Jerusalem, placard-carrying Israelis staged anti-American demonstrations.

Jerusalem's abrupt rejection of the treaty revisions and its shrill rhetoric shocked U.S. officials. When he read the Israeli Cabinet's statement, reports TIME State Department Correspondent Christopher Ogden, the normally phlegmatic Vance seethed with anger, and a senior U.S. official dismissed one especially nasty phrase in it by snapping: "It does not deserve comment." Another American insisted that the Israeli Cabinet response was filled with "misleading inaccuracies." So upset is the Administration that it may take its case to the public by releasing documents refuting Israel's contentions.

As the failure of Vance's mission was becoming apparent, Jimmy Carter said: "I am very frustrated at this point." He and Vance, the President complained, had spent "hundreds and hundreds of hours trying to bring these two nations together on differences that are almost completely insignificant compared to what they have already resolved."



Vance at White House after shuttle's failure

This time, they came up empty.

Because so much has in fact been accomplished, the failure to meet the Dec. 17 deadline, while certainly disappointing, does not necessarily doom the Egyptian-Israeli peace process. As a result of the progress made during talks in Washington in October and November, Egypt and Israel agree on most points of a draft treaty. The unresolved issues are truly minor, although they relate to the crux of a major Middle Eastern diplomatic prob-

lem: How directly should an Egypt-Israel peace be linked to a general Arab-Israeli settlement? So far, the negotiating process has proved remarkably durable, surviving major fluctuations as the hopes for a settlement rose, then plummeted, then rose again since Sadat's "sacred mission" to Jerusalem in November 1977.

Still, the missing of last Sunday's target date was highly symbolic. Said Carter at a press conference earlier this month: "If the Egyptians and Israelis violate the three-month limit on negotiating this treaty, it will be a very serious matter... It would cast doubt on whether the Egyptians and Israelis would carry out the difficult terms of the upcoming peace treaty."

The missed deadline was especially unfortunate because a peace pact would have brought a welcome measure of stability to the Middle East at a time when the troubles in Iran threaten to plunge the entire region into turmoil. With the Shah's crown slipping and Sadat's peace initiative stalling, the moderate Arab camp is becoming increasingly vulnerable to attacks from radicals. A defeat of the Middle East's moderates would be a monumental setback for Western interests.

These concerns added an extra element of urgency to Vance's shuttle. His last-minute attempt to meet the deadline produced a week of roller-coaster diplomacy. Carrying a battered briefcase bulging with notes and drafts of possible compromises, Vance was typically cautious as he flew into Cairo a week ago Sunday. He knew that he would have to get concessions from the Egyptians and that Sadat was going to try to rewrite parts of the draft treaty. Vance was determined to resist because any tampering with even minor points of a text in the late stages of talks risks unraveling the entire negotiations. He hoped to use the approaching Dec. 17 deadline as a bargaining lever.

The first two Vance-Sadat meetings, held in the Egyptian leader's Nile rehouse at the Delta Barrage, 15 miles north of Cairo, cheered the Americans. Vance emerged from the second session reporting "good progress." He interrupted the Cairo talks for a flight to Jerusalem for the funeral of former Israeli Premier Golda Meir. Sensitive to the impropriety of conducting diplomacy at such a moment, Vance huddled only briefly over coffee in a private room at the airport with Israeli Foreign Minister Dayan and Defense Minister Ezer Weizman.

Immediately after the austere graveside services, held on a chill, wet morning on Mount Herzl, the Secretary returned to Cairo for a third meeting with Sadat.

Nation

As before, the two men met in the high-ceilinged room at the resthouse while aides scribbled notes on leather-bound pads. The results so heartened the Americans that State Department Spokesman George Sherman exclaimed: "We are completely satisfied. Headway has been made toward possibly breaking the log jam!" Even the cool Vance could not mask his pleasure. Sadat, however, was uncharacteristically silent in the presence of the press, and some observers speculated that he did not want to say anything that might offend the Israelis. Others noted that the Egyptian leader might have been fatigued because he had been fasting to lose weight.

Two questions particularly preoccupied the negotiators. One was the so-called precedence issue raised by the sixth article of the draft treaty. As written, it stated that the new Egyptian-Israeli document would have precedence over accords previously signed with other countries. Although Egyptian negotiators had tentatively accepted Article VI's wording during the Washington talks, Sadat later balked. He wanted the article revised, fearing that it might prevent Egypt from aiding other Arab states if they were attacked by Israel and would open him to the charge of having signed a separate peace with Israel. Vance urged Sadat to go along with Article VI if the treaty were accompanied by a letter recognizing Egypt's right to aid an ally in case of Israeli attack. Egyptian Premier Moustafa Khalil began explaining his objections to the treaty language when he was cut off by Sadat. Drawing on his pipe, the Egyptian President said with a wave of his hand: "It's O.K. We can accept that now."

But Sadat was tougher on another issue, insisting that the Israeli-Egyptian treaty be linked in some manner with the promise Israel made at Camp David to end its military administration in the West Bank of the Jordan and the Gaza Strip. Cairo has argued that without such linkage, Israel will be under no pressure to fulfill its promise once it has achieved its longtime goal of signing a peace treaty with Egypt. Explained a senior Egyptian official: "We cannot let the Israelis get off scot-free after signing with Egypt. We cannot let them feel that they are off the hook."

Sadat wanted a definite timetable for Palestinian autonomy in the West Bank and Gaza, but he settled for something less firm: a "target date" for the installation of the locally elected council there. In return for this concession, however, Sadat got the Americans to agree to annex yet another letter to the proposed treaty. This letter would state that the exchange of Israeli and Egyptian ambassadors, the final step of normalization, would be delayed until one month after control of the West Bank and Gaza passed to an autonomous authority. Sadat felt this would

provide at least some incentive for Israel to fulfill its pledges.

Vance realized that the proposed letter would upset Jerusalem because it would require Israel to meet all its treaty obligations to Egypt before there was any exchange of ambassadors, and that such an exchange could be indefinitely postponed. Still, Vance was greatly encouraged. He felt that the Israelis would recognize that he had won important concessions from Sadat and therefore react favorably to the trade-offs sought by the Egyptian. Abandoning caution, Vance ventured a statement that, for him, was daring in its finality: "We have finished those two issues." Added the Secretary after arriving in Israel: "We are now in the final stages of the negotiations."



Demonstrators in Jerusalem protest U.S. pressure
Unconcealed anger over a "one-sided attitude."

How wrong he was. After a first meeting with Begin and other top Israeli officials, Spokesman Sherman said that the talks were at "a delicate stage," a clear signal that things were souring. The second session was even worse. To Vance's suggestion that Israel accept the changes requested by Sadat, an outraged Begin pounded the table and replied: "What kind of behavior is this? You receive some new demands and push them over to us, making it clear that you already accept them. Is this the behavior of an honest broker?" Responded Vance: "We know that you have taken major risks. But it is most important to reach a peace treaty for the sake of this area, the interests of the West and the lives of your people." The Secretary's point was rejected and the session ended in deadlock. Vance left the meeting and headed straight to the U.S. consulate to return a call from Jimmy Carter that had come in on the secure tele-

phone. After a brief discussion about how the negotiations were going, Carter said: "I called to ask you to come back because I've got something I want you here for." The President, of course, was referring to the dramatic developments in U.S.-Chinese relations. Because it now seemed all but impossible for an Egyptian-Israeli agreement to be reached by Dec. 17, Vance said that he would return to Washington by Friday afternoon.

After speaking to Carter, Vance had one more fruitless session with the Israelis, then returned to Cairo to brief Sadat before flying to Washington. By this time, his team was so demoralized that one member cracked bitterly, "This calls for a trip to the Walling Wall."

The Israelis were shocked by the proposals Vance had brought from Cairo, and especially by the implicit endorsement of them by the U.S. To Jerusalem, this amounted to adding "new elements" in a negotiating process that, the Israelis felt, was near completion. In its special session, Begin's Cabinet condemned the Egyptian proposals as "inconsistent with the Camp David framework, or not included in it" and declared that it "rejects the attitude and interpretation of the U.S."

Earlier in the week, other Israelis had already vented their feelings about the proposals brought by Vance. One morning, a car pulled up outside Jerusalem's King David Hotel, where Vance was sleeping, and a loudspeaker started blaring: "Vance go home! Vance go home!" From a second loudspeaker came the chant, "Cyrus Vance. Go see your friends in Egypt. We don't want you here."

What most distressed the Israelis seemed to be Vance's support of Sadat on the linkage issue, especially because it would connect the Egyptian-Israeli treaty with the establishment of West Bank and Gaza autonomy. Complained Naftali Lavie, an aide to Dayan: "This is strict blackmailing and not a linking." The Israeli reaction seemed extreme. For one thing, Sadat is willing to accept a target date merely as a goal instead of as a fixed timetable. For another, although Sadat now wants to delay the exchange of ambassadors, all other aspects of normalization would proceed as scheduled, including trade, cultural ties and the right of Israel's ships to use the Suez Canal. Last week's Cabinet declaration did, however, leave open some hope for compromise. It stated that "the letter concerning the autonomy arrangements can be clarified and reformulated."

Almost as bad as linkage, in Jerusalem's eyes, was the letter about recognizing Egypt's right to aid an ally attacked by Israel. Charged Lavie: "This neutralizes the peace treaty of its real and meaningful essence. If this is accepted, we will not have peace with Egypt." There was con-

cern, for instance, that Syria could mass troops threateningly on Israel's border in order to provoke an Israeli pre-emptive attack, thereby giving Cairo an excuse to join in a war against Israel.

Underlying much of the Israeli anger is the feeling that Washington is making no bones about siding with Cairo. Said a close aide of Dayan's: "Carter will spit in our faces, blaming us for the collapse of the negotiations. The Senators and Administration spokesmen will join in happily. They will hope that we will crawl on all fours to Washington." Israelis were further infuriated over a statement by Senate Majority Leader Robert Byrd, who had just finished a trip to Israel and six other Middle East countries. Byrd warned that Congress "will be reluctant to increase Israeli aid while Israel continues to spend on the proliferation of new settlements on the West Bank."

In its statements last week, the Administration indicated quite clearly that it blames Israel more than Egypt for blocking a peace settlement. White House Press Secretary Jody Powell declared that the matter of peace "is now in the hands of the Israeli government." While Carter praised Sadat for being "very generous" in making concessions requested by the U.S., the President suggested that Israel was refusing to accept a timetable that actually had been proposed by Dayan and Weizman.

The criticism aimed at Jerusalem is at least in part deserved. At several crucial steps in the peace process, it has been Israel rather than Egypt that has moved grudgingly, split hairs and seemed to shrivel the spirit of the proposed agreement with excessive legalisms. A glaring example is the stubbornness with which the Begin government has pursued its policy of expanding Israeli settlements in the territories occupied since the 1967 war.

To Israelis, however, it is Sadat who, as one Begin aide says, has been "zigzagging all the time, all the way." They claim that earlier this year a high Egyptian official assured Defense Minister Weizman that Egypt was "against the establishment of an independent Palestinian state." But last month Sadat said in a letter to Begin: "The Palestinian issue was always the core of the Middle East conflict. I always demanded, and still do demand, the establishment of a Palestinian state." The Israelis argue, moreover, that Begin has made important concessions, like agreeing to remove Israeli settlements and armies from the Sinai although he had originally insisted that they remain there for security reasons.

While the Israelis have a point in that at times Begin has been flexible and Sadat has toughened his bargaining position, on balance Israel has been the less compromising and more frustrating negotiating partner. Part of Begin's stubbornness, of course, may be dictated by the realities of Israeli politics. His government needs support in the Knesset from hawks,

who feel that Israel must have much of the occupied territory to preserve its security, and also from members of the religious parties, who generally oppose relinquishing lands that they feel were granted to Israel in the Old Testament. Since Camp David, Begin has been attacked harshly by a number of his former comrades in the Irgun underground. They denounce him as a traitor to Zionism because he has been willing to negotiate with Sadat the abandonment of Israeli settlements in the Sinai.

Sadat too is under great pressure. It comes primarily from his fellow Arab leaders who have made Camp David a swear word because, in their view, it largely ignored the question of a Palestinian homeland and skirted the issue of sovereignty over East Jerusalem. Only Morocco and Sudan, of all the Arab states, have endorsed Camp David. This has disappointed Cairo and Washington, which

at Camp David, most are becoming increasingly angry with what they feel is his recent pro-Sadat tilt. Said Irwin Goldenberg, president of the Los Angeles Jewish Federation-Council: "Carter is making out Begin to be the obstacle. That's not right or fair." Added Hyman Bookbinder, Washington lobbyist for the American Jewish Committee: "It was a mistake for Carter to scold Israel. We request that our Administration show some patience during these difficult days."

It is possible that the negotiating atmosphere may actually improve now that there is no pressure to meet an artificial deadline. Sadat, for instance, did not want other Arab states to think that he was being rushed into making concessions. The Israelis have long made a point of refusing to buckle under pressure. One Israeli official speculated that it would be good for the talks to "cool off for a while. The last weeks were hectic. The tension



had counted on backing for Sadat from such moderate countries as Jordan, Tunisia and especially Saudi Arabia.

Sadat's insistence on linking in some way the Egyptian-Israeli treaty with movement toward autonomy in the West Bank and Gaza is, in part, a strategy to woo Arab moderates. Saudi Crown Prince Fahd specifically warned Sadat: "The extent of linkage will determine the extent to which we can support Camp David in the Arab world."

What happens to the spirit of Camp David now that the deadline has lapsed? Washington is looking to Jerusalem for the answer. Said Carter late last week: "Now it is up to the Israelis to either accept [the treaty] or reject it." Jerusalem anticipates direct pressure from Washington. Israeli officials speculate that the Administration might delay arms shipments and refuse to discuss extra financial aid. (Israel is due to receive \$2.2 billion in U.S. military and economic aid in the current fiscal year.)

Such pressure, however, is likely to stir up the articulate and politically powerful pro-Israeli lobby. While American Jewish leaders remain almost unanimously grateful to Carter for his achievements

added by Carter's demand for a conclusion by Dec. 17 left us exhausted."

But if the peace process truly deadlocks, some bold action may have to be taken to restore momentum. This is something that perhaps only the U.S. can do. To be sure, Press Secretary Powell griped last week that the Middle East talks have already devoured more Administration time than "any two or three" urgent domestic problems, such as inflation and unemployment. And the thought of convening another Camp David-style summit makes Administration aides shudder. Carter said it is "not my preference," and one senior official declared emphatically: "It is the last thing we want." With the Guadalupe summit of the West's leaders, a crucial round of the arms talks and a visit by China's Teng Hsiao-ping all approaching, the calendar does not even have room for a second Camp David.

The U.S., however, may have little choice. Whether it means being host at a new summit or merely launching Vance on another diplomatic shuttle, the Administration cannot afford to lose much time in trying to rekindle the Camp David spirit. The stakes are too high. ■

Time Is Running Thin

It all may have started with the blue jeans and the cardigan sweater. Then came the town meetings with hand-carried suit bag, a glass of milk and a bed with local folks. The afternoon of the national call-in with Walter Cronkite at his side was another part of being Jimmy on the spot, the man of the people.

The President took the idea with him to the London economic summit meeting and halfway round the world to India. Members of Congress began to notice that they could call up Carter more easily and quickly than Hamilton Jordan, his chief aide. They did. Reporters wanted firsthand conversations with him. Special interests, like the blacks, no longer found satisfaction in complaining to Cabinet officers. They sought the President and they found him.

Like a stream growing into a mighty river, Jimmy Carter's presidency has become very personal. His face-to-face success at Camp David gave the demand for his presence an immeasurable stimulus. Now almost every issue and dispute that is not routine is carried to the White House in search of Carter's healing touch. It may be the best or the worst thing that has happened to him—no one is sure just yet. Last week he was hurrying around Washington in his limousine, jumping in and out of his tuxedo, shuffling speech texts and telephone receivers in a dramatic display of personal political management.

Part of the reason is that at mid-term, time is running thin for many of Car-



Carter at one of his many meetings, this one with the water policy task force

ter's hopes. All the appeals have been made to lesser authorities, and he has allowed himself to be the final judge.

The Israelis want to come back for another summit with the President to iron out the Middle East problems. As SALT moves toward completion, a meeting must be arranged between Brezhnev and Carter. This is even more urgent now that China and the U.S. are normalizing relations and Teng Hsiao-p'ing will be coming here to see Carter in January.

Carter went to the mid-term Democratic convention in Memphis to raise the party's consciousness about budget cutting. Teddy Kennedy went out to oppose Carter. Next day back in Washington, Kennedy was scheduled to share the presidential box at the benefit for the Special Olympics, a Kennedy family project. It might have been one of those times that a President, just slightly irritated over Kennedy's divisive tactics, could have called in with a cold. But too many people were watching. Carter put on his tux and his grin and went.

Former President Jerry Ford dropped by for a visit. The Presidents' Club always honors its members. Carter yielded another half an hour of his precious time.

All the big issues growing so pregnant demanded a press conference, so the President held one. The Business Council, meeting up the street at the Mayflower Hotel and stuffed with such luminaries as Du Pont's Irving Shapiro and Chase Manhattan's David Rockefeller, required equal wattage from the White House. After a long, tough day, Carter took the podium at nearly 9 p.m. with a smile and a confession: "Your own influence at times might be even underestimated by you." He talked and answered questions for nearly an hour, a worthwhile effort, as he calculated it, for his anti-inflation campaign.

The President could not ignore Christmas, so he walked down to the Ellipse, shouted "Merry Christmas!" to the chilled crowd, threw the switch for the lights on the national Christmas tree and went back to work. These days that work includes White House receptions for more than 4,000 people in and around the Government. Carter intends to shake the hands of all of them. With luck he will get a chance to nibble a bit of Chef Henry Haller's pumpkin bread and try a sip of the spiced cider. But there is no guarantee, not in a world where almost everyone wants to talk to the top man—and does.

Dennis Defaults

Cleveland cannot pay

Dennis Kucinich, 32, Cleveland's boyish, impetuous mayor, was angrier than usual. "This is the politics of insanity!" he shouted at the city council in his high-pitched voice. "You participated in the murder of the city."

Not so, declared equally emotional Council President George Forbes: "If there is default, it will rest squarely on the shoulders of the mayor of Cleveland." A normally calm professional financial adviser to the city clenched his fist. "It's driving me crazy," he said. "This is a political default. It's not a question of finances." Thus Cleveland last week became the first major city since the Great Depression to default. And it did so not because the situation was beyond saving, but because the mayor, councilmen and bankers went into a tizzy of bickering.

As \$15.5 million in notes came due, the city admitted it was unable to pay. Cleveland Trust Co. was the first to demand its cash. "We should put Cleveland Trust to the test and see if it is willing to destroy the city," cried Kucinich. The council refused to accept Kucinich's plan for a citywide vote on raising the city income tax from 1% to 1½%, unless the mayor would agree to raise still more money by selling the debt-ridden Municipal Light Plant to the private Cleveland Electric Illuminating Co. "I will not be blackmailed," insisted Kucinich. "When Jesus Christ went to the mountaintop and was tempted by Satan, he said, 'Begone Satan.' I say the same thing to CEI."

The city's underlying fiscal problems started well before Kucinich, who was elected a year ago and barely survived a recall election last August. Cleveland officials had long been borrowing from one special fund to pay off the obligations of another, so no one was sure how large the debt really was. Kucinich compounded the problem with more book juggling. Whatever the amount, Kucinich's plan, explained in prime-time TV last week, would only have been a short-term delaying action. Yet he made it sound deceptively tempting, claiming that suburbanites would actually pay all but 17% of the \$30 million tax increase.

The mayor's foes did not buy the package, however. All day Friday, bankers, businessmen, economic consultants, the council and the mayor held meetings to try to find a compromise that would stave off default. As failure seemed imminent, Forbes offered a soothing prediction: "Come Saturday morning, the sun is going to shine, or it is going to snow." But as the city's credit rating plummeted and outright bankruptcy looms, drastic cutbacks in all city services seem inevitable. Or, as Kucinich so aptly put it when a midnight deadline passed: "There will be six months of chaos for this one night of shame."

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Robbing the Red Baron

Master thieves make off with a record \$5 million in cash

The Lufthansa Airlines cargo facility at New York's Kennedy International Airport is called one of the safest in the world. The "valuable room," a white brick structure about one story high, is rigged with electronic alarms and monitored 24 hours a day by closed-circuit television. Yet last week six masked men, acting with speed and daring worthy of Lufthansa's own Red Baron, broke through this security to pull off the biggest cash robbery ever in U.S. history.

Lying in the vault were about 50 lbs. of paper money from the Commerzbank of Frankfurt to the Chase Manhattan Bank. It was a treasure far bigger than

the lunchroom and handcuffed them. Then they joined the others, opened the door to the warehouse, drove the van inside and went straight to the high-security vault. With them they took the manager. One of the robbers held a gun to the manager's head, and, threatening to kill him, forced him to open the vault. With all employees handcuffed, the six men started throwing the boxes of money and jewelry into the van. Only one hour later, the robbers drove out the way they came.

"It went off like clockwork," said James Connolly of the Port Authority Police, which patrols Kennedy. "They were so well prepared that they had enough

the robbery was sanctioned by Joseph DiPalermo, a New York Mafia captain. According to these sources, members of the robbery team went through practice runs under the noses of airport guards. At a nearby motel frequented by Kennedy workers, DiPalermo reportedly was seen waving last week's newspaper and boasting, "Those are my boys."

Will the Red Baron robbery turn into the proverbial perfect crime? At week's end, clues were still scarce. The FBI and New York police were questioning 150 Lufthansa employees. Some hostages caught a glimpse of two assailants who briefly took off their masks, but the description of them was vague: white, 25 to 30 years old, both of medium height, both with dark hair, one with a mustache. Three days after the robbery, police found the black van parked on a Brooklyn street with three parking tickets on the windshield. Rushing to the scene, the detectives discovered several partial fingerprints. Yet even in abandoning their getaway vehicle, the robbers seemed to be taunting the police. Carefully placed in the center of the floor of the van, like an invitation, was an empty envelope labeled John F. Kennedy Airport.

Jail 'Em Yourself

Revenge for \$28 a day

On a September afternoon in 1974 Elaine Summers, 23, then a University of Hartford senior, was studying in a park when a man brandishing a piece of broken glass threatened to rape her. She talked him out of it. Two months later police arrested Joseph Polumbo Jr., 20. Polumbo pleaded no contest to a reduced charge of assault, but was set free when the judge gave him a suspended sentence.

That did not please Summers, by then a law student. She filed a civil suit against Polumbo in 1975, alleging both physical and emotional wounds. A court awarded her \$12,000 in damages, but Polumbo did not pay. So Summers' attorney invoked a rarely used 1842 Connecticut statute that allows the indefinite imprisonment of a wrongdoer who has not paid his damages, as long as the creditor pays the prisoner's upkeep. For twelve days Summers kept her attacker locked in the Hartford jail, a revenge that cost her \$28 a day.

Last week a Connecticut judge freed Polumbo until the court can decide whether the jail-'em-yourself law is constitutional. "If a woman can be attacked, take her assailant to trial and come away empty-handed, women will be discouraged from going to court," says Summers, now working as a lawyer in Hartford. "I wanted to show assault victims that there is a legal remedy." The message may be getting through. A Connecticut women's group has begun passing out flyers reading, "For one dollar an hour you can keep a rapist in jail."



the \$2.78 million taken in the Brink's holdup of 1950, bigger even than the \$4.3 million Purolator heist in 1974 in Chicago. The Lufthansa bandits' haul: about \$5 million in American dollars, nearly \$1 million in jewelry, as well as an undetermined amount of foreign currency.

A freezing wind was whipping across Jamaica Bay when the bandits struck at 3:05 a.m. They drove a stolen 1978 black Ford van along North Boundary Road and turned onto a roadway at the north end of the Lufthansa cargo area. The thieves first stopped and clipped a chain securing the gate, and then proceeded about 400 ft. to a ramp. There an airline employee, Kerry Whalen, challenged them. The gang pistol-whipped him, threw him to the floor of the van and drove onto the loading bay area.

Inside the building, three other robbers, who had entered earlier, knew that the Lufthansa night crew was on a coffee break. They rounded up the employees in

handcuffs for all the employees." All signs point to an inside job. According to police, only three robbers came into the warehouse by van. "Three other members of the heist team got into the cargo building on their own," said one investigator. "I feel someone inside opened the door for them." All six thieves spoke with Brooklyn accents.

Police also believe that an employee may have tipped off the robbers to Lufthansa's treasure. Apparently it was there by a fluke. The money was scheduled to be transferred from Kennedy into Manhattan on the Friday before the heist, but when a Brink's truck arrived to take the money to Chase Manhattan, the Lufthansa foreman was too busy directing another shipment to open the vault. Some investigators think that there may have been a conspiracy to keep the money at the facility over the weekend.

There also were reports of Mafia involvement. Underworld sources said that

Shaking the Money Tree

Old-fashioned vote selling in Louisiana

In the Crossing, a square mile of tall, somber pines and rutted dirt roads in western Louisiana, the small clapboard houses are shuttered, watchdogs howl mournfully and people eye strangers suspiciously. "Folks are talking crazy," says a youth. "They're talking about killing people." Declares John Johnson Jr., a black community worker: "There's fear hanging everywhere."

People are frightened in this obscure, impoverished corner of the world because an ancient political tradition has finally aroused the attention of the law. Charges of bribery became so rampant in the last election that a federal grand jury is now investigating. This week local residents are giving testimony concerning charges that votes were bought to elect Democrat Congressman Claude ("Buddy") Leach, 44. While Leach ran a tight race with his Republican opponent, Jimmy Wilson, 47, in most of the Fourth Congressional District, he piled up pluralities as high as 13 to 1 in Vernon Parish, enabling him to edge to victory by 266 votes out of 130,900 cast. Pledging to file fraud charges with both the Administration Committee of the House and the Federal Election Commission, Wilson contends that some 4,000 votes were bought, more than enough to cost him the election.

Nobody was surprised in Vernon Parish (pop. 41,204), which has long been known for its heavy "commercial" vote, that is votes for sale. Admits William Charles Hilton, vice president of the Vernon Parish police jury, the equivalent of a county commissioner: "I wouldn't have won without it. You've got to have the commercial vote to win."

As participants describe it, the vote-buying operation followed standard procedure. The night before the election, top money men met in a private home in Leesville, the parish seat, to map out their strategy. Some \$40,000 was divided among men called haulers who would round up voters and pay \$5 to \$15 per ballot. Each hauler received \$50 to \$75 for his services along with a free tank of gas and the promise of a bonus if the right man won.

At dawn on Election Day, the haulers began transporting voters—mostly poor blacks—to the polls. Before the people went in to vote, they were given a white card bearing the number five, Leach's line on the ballot. Once they voted, payoffs were usually made in private homes called money houses or in touring vehicles known as floating banks. At a money house next to a Baptist church, haulers pretended to be preparing for a funeral.

Some haulers marched voters right to the polls, watched while they voted and

then paid them on the spot within a few yards of election officials. Outside the polls, the vote-buyers kept "bird dogs" on patrol to make sure that everything went smoothly. At one poll, it was reported, Leesville Mayor Ralph McRae Jr. ordered onlookers to back away. When the FBI arrived because of complaints from the Wilson forces, the payoff center was moved to a dead-end street. There, under a towering pine (called, yes, the money tree), some \$10,000 in cash was disbursed by two men while a third stood guard with a shotgun.

The day produced a few mishaps. A preacher who was given \$300 to deliver his congregation to the polls fled town with the loot. A woman who was paid \$5



Claude ("Buddy") Leach, seeking votes

"If I lose, I'm going to come back here."

for her vote indignantly complained to the Vernon sheriff that she had been "ripped off." A particularly zealous hauler spotted two likely voters outside the parish courthouse and approached them. "Hey, you fellas made up your minds yet?" he asked genially. "Here, maybe this will help you decide." Then he pressed \$5 bills into their palms. Rather than vote, however, the pair walked off to record the exchange. They were federal officers.

Vote buying is so commonplace in Vernon Parish that many people do not even know it is illegal. Besides, they need the money badly in an area where the annual per capita income is \$5,202. Says John Johnson, who admits he used to sell

his vote: "Most people are looking at a bag of neckbones and a loaf of bread that the money will buy, not the aftereffects."

Despite the grand jury proceedings, the system may not be easy to change. Leach, who denies having any knowledge of vote buying, is a prominent member of the local Democratic Establishment, which can make serious trouble for dissenters. One official says that Leach indicated he might have some difficulty at a bank where he has a large loan. He claims that Leach told him: "If I lose, I'm going to come back here and kick some ass." People who talk fear they may lose their jobs, welfare payments, food stamps and, conceivably, their lives.

Tension was heightened by two events this month even though they may have nothing to do with the payoffs. The father of a key witness was struck and killed by a car; the parish coroner called the accident "peculiar." A few days later, the brother of another witness was also hit by a car and injured as he was jogging. "I got \$5 for my vote, but I'm not talking any more," says a witness. "I don't want to be pulverized."

Roots' Roots

Haley settles out of court

Alex Haley's book about his black heritage, *Roots*, won him a Pulitzer Prize, \$2.6 million in hard-cover revenues alone, and his share of a much acclaimed television series. But Harold Courlander, 70, a white novelist living in Bethesda, Md., believed the book had more roots than Haley was willing to acknowledge. In Federal District Court in Manhattan, he accused Haley of plagiarizing passages from his 1967 book, *The African*. Courlander demanded that Haley turn over to him more than half the profits from *Roots*.

Judge Robert Ward noted that there were significant similarities between the two books. In *The African*, for example, Courlander described the hunter: "He must hear what the farmer cannot hear. He must smell what others cannot smell... his eyes must pierce the darkness." In *Roots*, Haley wrote: "He must hear what others cannot, smell what others cannot. He must see through the darkness." Courlander cited 81 such passages. Haley's defense: during the years he wrote *Roots*, students and others who listened to his lectures often handed him notes and research without citing the sources.

Last week Haley settled out of court. He agreed to pay Courlander a reported \$500,000. Admitted Haley: "Somewhere, somebody gave me something that came from *The African*. That's the best honest explanation I can give."

*Black Author Margaret Walker Alexander filed a similar suit against Haley, charging plagiarism from her book *Jubilee*, but a New York federal judge ruled against her.

Americana



Birth of a Nation

Monaco on the Rio Grande? That's what Colonel Herbert Williams, 68, a fifth-generation Texan of Cherokee blood, envisions for himself. Says he: "Hell, I'm going to start my own country, make my own laws, run a country like God intended a country to be run."

Williams' plot is a 400-acre island that was created when Hurricane Beulah changed the course of the Rio Grande in 1967. Because the island is south of the main river channel, the U.S. decided that the land was Mexican territory. Mexico, however, refused to accept ownership. So Williams bought the island from Mexican

citizens for \$400,000. By his reckoning, the 19th century Mexican treaties of Iguala and Guadalupe paved the warpath for him: they give Cherokee Indians the right to establish a nation.

Williams has no vision of deer and antelope, however. "We'll have ambassadors and citizenship," says he. "We'll put in a gambling casino and a TV station, and we'll register ships." He also hints at tax-free companies and Swiss-style secret bank accounts. What if the U.S. and Mexico interfere, as they surely will? "I'll take it right to the World Court," says Williams. "It takes them 20 years to rule on anything, and if worst comes to worst, I'll have my country for 20 years."

Stereo Boom

When the post office in Troy, Mich., summoned Michael Achorn to pick up a 2-ft.-long 40-lb. package, his wife Margaret cheerfully went to accept it, but as she drove it back to her office in Detroit, she began to worry. The box was from Montgomery Ward, but the sender, Edward Achorn, was unknown to Margaret and her husband despite the identical last name. What if the thing was a bomb? She telephoned postal authorities.

Postal Inspector J.M. Black reasoned that since she had taken delivery, it was her problem, not the post office's. He sug-

gested calling the Detroit police bomb squad. The bomb squad soon arrived with eight squad cars and an armored truck. They took the suspected bomb in the armored truck to a remote tip of Belle Isle in the middle of the Detroit River. There they wrapped detonating cord around the package and, as they say in the bomb business, "opened it remotely."

When the debris settled, all that was left intact was the factory warranty for the contents: a \$450 stereo AM-FM receiver and a tape deck console. Now the only mystery is who is Edward Achorn and why did he send Michael and Margaret such a nice Christmas present?

Taps for C Rations

Frederick the Great said that an army marches on its belly, and for 40 years the American Army has filled its stomach with C (for combat) rations. The food came in olive-drab cans that seemed to match the flavors sealed inside.

Now, like the draft and the M1 rifle, C rations will become a thing of the past. In their place the Army has developed MREs (meal, ready-to-eat), pre-cooked and packed in nice little aluminum-foil pouches. The new fare includes steak, swiss; ham, sliced; chicken, a la king; and beef, stew; along with chocolate cookies, fruit and brownies and freeze-dried coffee. The Pentagon says it has tested the

new rations under both tropical and arctic conditions and even on generals at the Defense Logistics Agency, who were not told that they were being served MREs in the dining hall and allegedly didn't notice any difference from their ordinary fare. But that report is pretty hard to swallow.



What's My Line?

While serving a one-year sentence for larceny in the minimum-security institution at Davenport, Iowa, James Shelton, 26, worked during the day at a downtown shoe store and spent each night in his unlocked room. One day in November, 1977, he left for work and vanished.

Last month Prison Director Royal Dunkin got an excited phone call from a former employee who urged him to turn on the television and watch *The Dating Game*. There, competing with two other contestants for a date with a Los Angeles Rams cheerleader, was Bachelor No. 1, James Shelton.

Davenport police thereupon obtained an arrest warrant to make a date with the lovable bachelor. Last week, Shelton



was returned to the institution he had fled.

Of the TV caper, Prison Director Dunkin remarked: "It certainly took guts." Indeed it did. Bachelor No. 3, who got the girl, was a news reporter, while Bachelor No. 2 was a probation officer.

Her Honor vs. Chicago

What does a judge do when she falls down in her own courtroom? She sues, of course, like everyone else. And in the case of Circuit Court Judge Margaret O'Malley, 61, she sues Chicago's public building commission for \$150,000.

Judge O'Malley was hearing divorce cases last April when she stepped down to get some papers. Unfortunately, the step did not extend all the way around the raised platform and she walked off into mid-air. She had to undergo surgery for a fractured elbow, remained in the hospital for two weeks, ran up \$4,800 in medical bills and missed work for eight weeks.

Never mind that Workmen's Compensation paid all bills plus her salary during her absence. The building code requires two steps, not one, and a handrail as well, her lawyer claims. He says Judge O'Malley will never again have full use of her left arm. The city's lawyers aren't surprised that the plaintiff is a judge. "Every time someone falls, we get sued," says one. "It's all part of the inflation thing. It's a great little windfall for everyone."

World

IRAN

Hard Choices in Tehran

Like his base of support, the Shah's options are narrowing fast

After two weeks of mounting tension, the frightening holy days ended last week—and the Shah still sat upon the Peacock Throne. Tehran was like a city that had survived a siege all but unscathed. Shops and schools were reopening, and office workers were returning to their jobs. Chieftain tanks and Russian-built armored cars, which had been in evidence everywhere, were now out of sight. Soldiers ventured into restaurants and parked their automatic weapons in corners as they ate. Locked in a monumental traffic jam, a Western diplomat sighed: "Things are back to normal in Tehran."

Well, not quite. The Shah had gained, at best, some breathing time in which

peaceful demonstrations against the Shah throughout the country. Some government leaders, including the military governor of Tehran, General Gholam Ali Ovisi, had wanted to stop the demonstrators "mercilessly." But Premier Azhari, who is also the armed forces chief of staff, argued that bloodshed should be avoided at all costs, and the Shah agreed. Accordingly, the government promised to withdraw its forces to north Tehran, leaving the heart of the city free for the demonstrators. In return, the organizers of the demonstration promised to discipline their ranks and pledged that there would be no rioting or burning. Both sides kept their word.

On Monday, the Shi'ite Muslim day

The demonstrations were much more violent in the industrial city of Isfahan, 210 miles south of the capital, where troops first withdrew from the downtown area and then battled for hours to restore order. For two days thereafter, the army staged demonstrations in support of the Shah in several other cities. In a particularly ugly incident, three on-duty soldiers opened fire with automatic weapons in the mess hall of an army camp just two miles from the Shah's Niavaran Palace in north Tehran; six noncommissioned officers were killed and ten wounded in the shooting.

As the demonstrations subsided, the struggle between the regime and its opponents became increasingly one of rumor



Backers of the regime riding through the industrial city of Isfahan



Soldiers demonstrating their loyalty to the royal family

The longer the chaos continues, the more difficult the solution, and the longer he waits, the fewer choices he will have.

to come to terms with his massive opposition. Oil workers were still on strike, costing Iran as much as \$60 million a day in lost revenues and cutting production to as little as one-fifth of the normal flow. Premier Gholam Reza Azhari went on television to appeal to the oil workers to go back to work, declaring that their strike was "bending the backs of 34 million Iranians." Azhari said he was "ashamed to admit" that petroleum-rich Iran was being forced to import kerosene, which most Iranians use for heating and cooking.

The flash point had been passed Sunday, when millions of Iranians staged

of mourning known as Ashura, the parades were much more hostile, with thousands chanting "Death to the Shah!" By tradition, the faithful demonstrate their sorrow over the slaying of Husain, the grandson of Muhammad, in the 7th century A.D. by flagellating themselves with chains. But this year the Ashura ceremonies were in reality political parades led by turbaned mullahs. When asked what had happened to the ancient observance that had dominated the day of mourning for more than 1,300 years, one young marcher in Tehran replied: "We have more important things to do today than mourn Husain."

and propaganda. At one point, word spread through Iran's Shi'ite Muslim community that Ayatullah (Sign of God) Qumi of Mashhad had dreamed that he had been visited by Imam Reza, a saint of ancient times. In the dream, Reza complained that Shi'ite Leader Ayatullah Khomeini had been turning Muslim against Muslim and that his teachings were thus running counter to Islamic law. Among the faithful, many were stunned; others dismissed the report as a government trick.

The Shah continued his unsuccessful efforts to put together a civilian government. He needs to find a strong Premier

who enjoys widespread support and respect, a political figure who has no links to the present regime and is untarnished by previous scandal. Such a man is hard to find—in no small part because the Shah has done so much to destroy any meaningful opposition. Last week the Shah summoned Karim Sanjabi, 73, who leads the National Front, the largest opposition political group. To nobody's surprise, Sanjabi, who recently spent a month in prison, turned down the Shah's invitation to join a coalition government under "the present illegal regime." Sanjabi and other moderate opposition figures reportedly insist that, as their price for forming a government, the Shah would have to relinquish his control over the armed forces, and this he is not prepared to do.

The Shah also met last week with Ali Amini, 71, a onetime Premier who for several weeks has been trying to serve as a mediator between the Shah and the opposition. "We have to encourage the Shah all the time," Amini told *TIME* Correspondent Benjamin Cate. "He is isolated and alone, but he is receptive to ideas. It is shocking for him, but he has to understand that he must make some radical moves to remove the roots of the people's unhappiness, and I think he understands this now."

The formation of a new government would be a lot easier if it were not for the influence of Ayatollah Khomeini, who calls for nothing less than the Shah's downfall. From his exile in France, Khomeini last week declared that the Shah is "committing more and more crimes because he is on the verge of downfall." Khomeini warned countries supporting the Shah that their supplies of Iranian oil will be cut off if Khomeini and his friends ever come to power. Said he: "Any head of state who supports the Shah will be deprived of Iranian oil, and all treaties with his country will be annulled." The French government is embarrassed over Khomeini's broadsides against the Shah and may not be willing to renew his three-month tourist visa when it expires Jan. 6. What would the angry mullah do? Khomeini's aides say the question is irrelevant; the Shah will have been overthrown by then and the Ayatollah will go back to Iran.

As the crisis goes on, it is increasingly apparent how unprepared for it the Carter Administration and the U.S. State Department were. The President continued—except for an occasional lapse—to express confidently his support of the existing government last week. "I fully expect the Shah to maintain power and for the present problems to be resolved," he said. The State Department is less sanguine. It has sent a handful of foreign service officers to Tehran to reinforce the U.S. embassy there and to sound out moderate opposition leaders on the chances of maintaining friendly

relations with the U.S. in the future.

At midweek, former Under Secretary of State George Ball delivered to the White House his special report on what the U.S. should do about Iran. The contents were not disclosed, but it is known that Ball wants the U.S. to urge the Shah to make haste in forming a broadly based civilian government. Ball is convinced that the Shah has been badly hurt by the widespread unrest, cannot survive as an

PHOTOGRAPHS FOR THE BY CATE—SYGMA



At the peak of last week's protests: some of the hundreds of thousands of anti-Shah demonstrators who marched in Tehran





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"Everyone connected with this enterprise deserves praise: The News Closeup staff for making it, the Network for accepting it, and the affiliated stations for carrying it."

NEWSWEEK

"I thought the ABC documentary ('Terror in the Promised Land') showed us more about the Palestinians in fifty-seven minutes than most American news organizations have printed or televised in the past dozen years—and it showed it with an uncommon mixture of judgment and perspective."

THE NEW YORKER

"In the crucial field of documentaries, ABC News is leading the way. I am delighted."

SATURDAY REVIEW

"Peter Jennings with a welcome assist by Robert Trout, were magnificent in their coverage of the papal ceremonies; ABC-TV alone networked the full pomp and ceremony with insight, respect and fascinating detail."

NEWARK STAR LEDGER

ABCNEWS Fast Becoming The Most Watchable News On Television.

World

absolute monarch, and must take urgent steps if he wants to ensure the survival of the Pahlavi dynasty. In Ball's view, the best the Shah could hope for would be a constitutional monarchy containing moderate members of the opposition. An alternative would be to establish a regency under his son, Crown Prince Reza, who is now in advanced fighter-pilot training in Texas. Ideally, this regency would be supported by moderate opposition leaders, middle-ranking army officers and key religious leaders.

Ball's conclusions differed from the views of the man who invited him to Washington to review U.S. policy on Iran: Carter's National Security Adviser, Zbigniew Brzezinski. Until now at least, Brzezinski has held that the U.S. should

back the Shah staunchly, in part because of the unsettling effects any wavering about the Shah might have on such other monarchies as Saudi Arabia and Jordan. Officials insisted that as of last week, however, there was no disagreement within the Administration on fundamental points. Certainly the Ball report's conclusions are shared by most Middle East experts at the State Department. As one Middle East specialist describes it, the view is that "the longer the chaos continues, the more difficult the solution, and the longer the Shah waits, the fewer the options he will retain."

One major problem is the army. Since the Shah derives his strength from the army, it may prove difficult to convince him of the wisdom of relinquishing con-

trol of it. Similarly, the army's loyalty could be stretched to the breaking point if the Shah should appear to be doing anything to weaken his own authority and thus that of his armed forces. A confidant of the Shah's said late last week that there were only two possibilities left: either there would be a civilian government with strong support or there would be a military coup from either the left or right. The fact that someone close to the throne would even mention such a possibility underscores just how serious the Shah's situation has become. There was one other small straw blowing in the ill wind: a Massachusetts book publisher last week received an order from a Tehran bookstore for one of its titles: *Leadership and Change*. ■

Back to the Chador

One striking feature of the anti-Shah demonstrations has been the presence of masses of Iranian women. In Tehran they marched by the thousands, encased from head to foot in black, shapeless *chadors*, while their men formed a protective chain on either side of the street. The women chanted pro-Khomeini slogans, but they also carried banners calling for the establishment of women's political, social and economic rights in any new Islamic regime.

That demand reflected a dilemma for Iran's 14,589,000 women. Under the Shah's rule they have become the most emancipated women in the Middle East, except for those in Israel and Lebanon. Among its other efforts to modernize Iranian society, the Tehran regime has worked to improve the condition of women. Nearly 40% of the students in Iran's universities are women. The government-financed Women's Organization of Iran has set up day care centers, marriage counseling centers and classes to teach women to read and write. Women now do much of the farm work, form a substantial proportion of the skilled manual labor force and serve in the army and navy.

Conservative mullahs, in their quest for a return to the old traditions, want this trend reversed. They accuse the Shah of degrading Islamic womanhood by exposing females to Western ways and destroying the former practice of sex segregation. But any return to the strict Islamic codes would affect the status of Iranian women and doubtless bar them from a number of jobs that they now hold.

The future of women under an Islamic government has become a controversial issue. Ironically, many educated women are taking more traditional views as a form of political involvement and protest against the Shah's autocratic rule. The day care centers are now almost deserted. Many of the young women who took to skirts, slacks and blue jeans as signs of their emancipation have gone back to the ankle-length *chador*. Intended to hide the female form, it has been worn in Persia since the ninth century. Religious law requires that it be worn outdoors at all times and indoors in the presence of strangers. Because it has no buttons or hooks, it is difficult to keep from slipping off. It must be held at all times at the neck or clenched in the teeth.

Iranian reformers have long sought to abolish the garment, which they consider a symbol of women's subordinate status. But even after the Shah's father, Reza Shah, outlawed the *chador* in the 1930s, rural women continued to wear them. After his abdication from the Peacock Throne in 1941, *chadors* began to reappear in Iranian cities. Today,



Women in the traditional dress during anti-Shah demonstration

four-fifths of older Iranian women wear the *chador*, as do an increasing number of younger women. But today's *chador* does not always fulfill its intended purpose: some are quite diaphanous. In an ironic display of Iranian women's desires for both more freedom and a return to traditional ways, many of them are worn over blue jeans.

One *chador*-clad 30-year-old mother in Tehran, who studied business administration in the U.S. at the University of Houston and now holds a \$1,000 a month job in an import-export firm, told a Western journalist: "I don't know which is best, Khomeini or the Shah. But my people want democracy, and that is what we are protesting about." Shi'ite leaders say they are not necessarily opposed to women's rights. Islamic law, says Abdul-Reza Hejazi, an influential Tehran mullah, does not bar a woman from working, "provided she is properly covered and avoids improper contacts with men." The *chador*, he adds, is not essential attire for a proper Iranian female: "She just has to be dressed so that all the ups and downs of her body cannot be discerned."

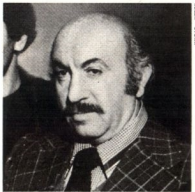
World

A Case of Warring Perceptions

Some voices, pro- and anti-Shah, in Iran's internal debate

The Tehran regime's TV and radio has appealed to Iranians not to allow their country to be turned into another "grim and miserable" Lebanon. But unlike Lebanon, riven by deep religious differences, Iran is a nation of 34 million people who are more or less homogeneous and overwhelmingly (98%) Muslim. What divides Iran today is warring perceptions of the Shah and the direction in which he has pushed his oil-rich remnant of the old Persian empire. A cross section of Iranians interviewed by TIME:

Rajab Motamedi, 45, is a shopkeeper in Tehran's central bazaar, focus of some of the most violent anti-Shah protests. Like other small merchants, Motamedi has been hurt by Iran's cruel inflation (currently 50% annually) more than he has been helped by the prosperity that has expanded the country's middle class, and



Shopkeeper Motamedi

he believes that the Shah's drive to make Iran a modern industrial state has led to foreign domination. Jailed three times for anti-government activities, he has closed his shop and vows not to reopen until the Shah is overthrown.

To blame "foreign saboteurs" for Iran's troubles is nonsense, Motamedi insists: "This is a heaven-sent movement. What we want is an Islamic republic. The aim is freedom and true independence."

Mohammed Amini, 33, the son of a Tehran mattress maker, supports his wife and daughter by driving a heavy Mercedes truck. On runs that may take him as far as Turkey or even West Germany, he likes to shove a cassette into the tape deck on his dashboard to listen to his favorite commentator: Ayatollah Khomeini.

A strict Shi'ite, Amini believes what he hears on the Khomeini cassettes. "The Shah must go," Amini says, "and a government faithful to the Koran must replace him. The army must change too. It

has too much arrogance." He believes "Iran must be Iranian. Too much Iranian money ends up in America. Too much Iranian oil ends up in Israel, to be used against our Muslim brothers."

Amini, who was taught to read by mullahs, spends at least \$10 of the \$700 he earns each month on Khomeini pamphlets, magazines, books and tapes. When he is home he teaches what he has learned to his neighbors. He says proudly, "All of my friends follow Khomeini because they are opponents of the Shah."

Mashhadi Mohammed Nik-Dehghan, 39, lives in Lashkar-Abad, a farming village (150



Farmer Nik-Dehghan

families, most of them related) 75 miles from Tehran. Nik-Dehghan's family was struggling until the Shah launched his land reform in 1963. The family received 125 acres under a complicated system that bars it from subdividing the land into small, uneconomic plots but provides a good income. Mashhadi Nik-Dehghan's crop of grapes and apples last year earned him \$9,000, four times Iran's per capita income. Other programs have provided his town with a paved road, a clinic, a school and self-rule through a village council set up by Tehran. Nik-Dehghan's son Zakriya can read and write (unlike his father) because the government sent four teachers to Lashkar-Abad. The Shah, says the farmer, is "khehlee khoob" (very good).

Abalbashar Farmanfarmaeien, 61, is, like many other upper-class Iranians, U.S.-educated: Colorado State University, University of Chicago and Columbia University, where he got his doctorate in law. But Farmanfarmaeien, a successful corporation lawyer, is not slavishly devoted to the Shah. "Both sides have made mistakes," he says. The Shah's was to modernize too rapidly without considering

fundamentalist views. The mullahs, on the other hand, have no concept of what a modern state ought to be.

"The issue is not the Shah or Khomeini," says Farmanfarmaeien, munching caviar before a crackling fire in his Tehran home. "I don't believe a change in the regime would solve our problems. The basic dispute between government and religion has gone on for more than 400 years. Until each side overcomes its defects, there can be no understanding."

Despairing of any solution soon, he is withdrawing from his lucrative practice to write a book on 19th century Iran—long before the oil that brought the country its new wealth and its belated, wrenchingly difficult entry into the 20th century had even been discovered.

Sadigha Shaghayeghi, 23, dark-eyed and svelte, looks more like a student than the Tehran schoolteacher she is. Like many other liberated young Iranian women, she has taken to hiding her jeans beneath a *chador*, the head-to-foot Muslim veil. Shaghayeghi says she will continue wearing the shapeless *chador* as a symbol of pro-



Schoolteacher Shaghayeghi

test until the Shah is toppled and Iran enjoys what she describes as "an atmosphere of freedom where human and democratic values count."

Mahrokh Saadat, 40, is another example of the new times in Iran. Though unmarried, she left home, a Caspian seacoast city where her late father was a pro-Shah customs official, and began a career in Tehran; she now earns \$900 a month as the assistant personnel director at a publishing house. She has eagerly joined the demonstrations against the Shah. He is "isolated," she says. "He has never known what was happening to his country and never listened to anyone."

Still, Saadat is no longer a practicing Muslim and refuses to don the *chador*, even as a symbol of protest, insisting that Iranian women will never go back to the old ways. She opposes the mullahs' aim of creating an Islamic republic; she wants a social democratic system instead and is "convinced that it would work." ■



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World

AFRICA

By George, a "New" Angola

In Neto's land, McGovern gets a not-so-red carpet treatment

His upper lip was beaded with perspiration, his shirt was soaked with sweat. "Eight countries in three weeks," sighed Senator George McGovern. "Almost a dozen heads of state and over a hundred people of substance. I've really learned a lot. But I'm exhausted."

The South Dakota Democrat was standing amid a jostling airport crowd in Libreville, Gabon, where he was catching a plane home after a tour of southern Africa that had taken him to the Sudan, Tanzania, Zambia, Mozambique, South Africa, Rhodesia, Angola and Ethiopia. The swing was no breezy Baedeker tour. As a result of Iowa Senator Dick Clark's upset defeat in last month's elections, McGovern is in line to chair the Foreign Re-

lative Committee on Foreign Relations and to lift a trade embargo imposed on the country in 1966.

The most significant stop on McGovern's safari probably was Angola. That troubled, former Portuguese province has until recently strongly opposed U.S. African policy. In turn, Washington has long objected to the large force of Cuban soldiers and civilian workers (about 20,000) in President Agostinho Neto's socialist republic. Neto, reports TIME Correspondent David Wood, who accompanied McGovern to Luanda, hinted to McGovern that the Cubans will leave Angola eventually—but only when South Africa stops raiding the country's bases along the Namibian border.

Nonetheless, Neto says he is anxious

to see a change in the country's leadership. A sudden clash of gears and a loudly laboring engine stir the place into action. Seconds later, as a flatbed lurches into the market, a hoarse cheer goes up and women pour down stairs and out of doorways. The truck is loaded with sacks of potatoes.

Few people in the Angolan capital appear to be living on the edge of starvation. But many children's bellies are swollen with malnutrition, and the garbage heaps are well picked. The outdoor cafés and surfside sea food restaurants that once



McGovern on Salisbury leg of trip talking to 14-year-old soldier

Learning much that a U.S. representative might not want to hear, and also looking for answers.

lations Subcommittee on African Affairs, assuming incoming Foreign Relations Chairman Frank Church continues the custom of having such geographical subcommittees. McGovern's trip was partly intended to show that he not only wanted the job, but also was thoroughly prepared for it.

In his meetings with the region's leaders and opinion makers, McGovern mostly listened. But when Rhodesia's Prime Minister, Ian Smith, asked McGovern what he would do to solve Rhodesia's problems, McGovern had a succinct answer: "Resign." Yet at a dinner party in Johannesburg, he startled his South African hosts by indicating that Smith's government in Rhodesia, if it continues to move toward an "all parties" conference of local leaders and carries through with a promised one-man, one-vote national election next spring with "credible" international observers, could expect the U.S. Senate to repeal the eco-

to expand diplomatic relations. Angola is looking for Western financial and technological help, both for economic reasons and to offset its dependence on East bloc aid. In his talks with McGovern, Neto stressed his desire to improve relations with Washington. Why, he asked the Senator, does the U.S. continue to maintain diplomatic relations with Ethiopia, which has a large Cuban cadre, while refusing recognition to Angola because of the Cuban force on its territory? McGovern told newsmen, "I didn't have an answer for that."

The McGovern trip was also an opportunity for American newsmen to visit Angola, from which they had been barred since 1976. Correspondent Wood found that the country's teeming capital (pop. 490,000) fully reflected the serious economic problems facing Angola. His report:

In most African cities the central mar-



Meeting Agostinho Neto in Luanda

gave Luanda a festive air as empty and shuttered. Most of the storefronts in the city are empty too, and long lines form daily at the few shops still open.

That food should be scarce in a city whose harbor waters literally jump with fish and where grain and corn bend in nearby fields is a contradiction. But it is not an uncommon one in young Third World countries where economic pragmatism has been pushed aside by ideology.

Serious and chronic food shortages are only the most visible failing of the avowedly Marxist regime that wrested control of Angola from the confusion of independence and civil war two years ago. A dogmatic and strongly centralized government was imposed by the MPLA in an attempt to construct a multiracial egalitarian society out of the rubble of four centuries of Portuguese rule. Now, after 37 months of trial and error in which almost every sector of the economy showed alarming declines, Neto is steering An-

World

gola toward a more practical course. But it is not easy.

In a major speech this fall Neto declared, "We are not going to be so radical... We are not going to attempt, as some comrades do, to get rid of the private sector... The private enterprise of farmers, small businessmen, masons and carpenters is an important facet of production which we need in the country."

That speech is remembered well by the *kintandeiras*, the hard-nosed Angolan businesswomen who have traditionally bought food wholesale and sold retail at the marketplace. In recent weeks they have been on strike, protesting against the low retail prices set by the government. Swordfish, for example, is listed at about 20c a pound at the market, and is unavailable. But a few lucky consumers get swordfish from fishermen friends, who peddle their catch out on the "island," the curving sand peninsula that protects Luanda harbor from the sea. There, a pound of swordfish goes for about 45c or 55c.

But clumsy government attempts to lower food prices are not the sole reason for the shortages. When the Portuguese left en masse three years ago, they took with them, among other things, 28,000 of Angola's 30,000 trucks, thus crippling the food distribution system. Much of the richest agricultural land in Angola is under the sporadic control of UNITA, the South Africa-backed guerrilla force of Jonas Savimbi, who contested and lost control of the capital in 1976. Much of Angola's produce rots before it can reach Luanda.

Angola has been steamrollered in some business deals. Cuba was granted fishing rights off the coast, and the relatively efficient Cuban trawlers have put the local fleet virtually out of business. Much of the Cuban catch is shipped to Cuba for freezing and packaging, and then shipped back to Angola as costly "imported" fish.

Having declared that ideology should be no barrier to economic improvement, Neto is now moving to ensure that the government bureaucracy does not stand in the way either. In the past few days the Prime Minister's job as well as the two posts of deputy prime minister have been abolished as excessive, and two officials of the inept ministry of internal commerce were replaced.

Perhaps most indicative of the change in Angola is Neto's open bid for more Western investment. The few Western companies operating in Angola, Neto said, "are doing their work well, have good relations with us, and pay their taxes promptly. We have no reason to complain." Conspicuous by its absence was any reference to capitalist exploitation, neocolonialism and bourgeois imperialism, common catchwords in the socialist Third World—and until recently in Agostinho Neto's troubled capital. ■



Callaghan waving as he leaves No. 10 Downing Street for the vote of confidence

BRITAIN

Still Sunny Jim

But April may be showery

Though he is short of a parliamentary majority by five votes, Britain's Prime Minister James Callaghan has kept his Labor government in power since August by combining the boldness of a crap shooter with the cunning of a political confidence man. Even so, Callaghan constantly teeters on the edge of defeat. Last week he almost fell, surviving an unexpected vote of confidence only through a jerry-built majority of the moment.

The confidence vote came after Callaghan had lost two other votes in a debate on his anti-inflation policy—which galls the unions because it contains a lid on wages but not prices, and pains businessmen because it puts the burden on companies to enforce the wage standards. The first vote was on the issue of sanctions against companies that violate the 5% pay hike ceiling. Five left-wing Laborites deserted the government. As a result, Labor went down to a 285-279 defeat. That led to a vote on the government's entire pay policy, which Callaghan also lost, 285-283. "Speak up, speak up," yelled Tory backbenchers in the traditional demand for a vote of confidence. Callaghan retorted: "I shall speak up and my voice shall be heard throughout the country."

Callaghan was expected to win the confidence vote; had he lost, there would have had to be an immediate election. But just to make victory certain, Callaghan reminded Scottish and Welsh nationalists of the referendum promised for March on a proposal for increased local rule for Scotland and Wales. Similarly, the Ulstermen were reminded that the Prime Minister has pledged an increase in seats for them, from 12 to 17. That did the trick. Enough nationalists voted with Labor, enough unionists abstained, and Callaghan survived, 300-290.

Inevitably, however, came the question of how effective he can continue to be. Editorialized London's pro-Labor *Daily Mirror* on Page One: "Let the people vote. Mr. Callaghan has been left with-

out a weapon in his hand to fight the most important battle of our time, the battle against inflation." The *Mirror* demanded a general election before winter is out, but a more likely time for a vote is early spring, when the weather will be better. Said one of Callaghan's Cabinet colleagues last week: "I have circled April 5 on my calendar and I suspect that Jim has done the same." ■

Seychelles Guns

Who needs all those rifles?

The U.S. has a small nonmilitary satellite-tracking station in the Seychelles, an idyllic string of some 90 islands stretching for 600 miles in the Indian Ocean off the east coast of Africa. It also has an interest in seeing that the islands, which in 1976 became an independent nation in the British Commonwealth, do not serve as a base for Soviet nuclear submarines. The islands are so quiet that even the seizure of power in a relatively nonviolent coup by the socialist Seychelles People's United Party last year did not overly worry Washington. Last week, however, Western intelligence agencies were fretting over the meaning of some 45,000 lbs. of Soviet small arms, including grenades and hundreds of Kalashnikov AK-47 assault rifles, that have been shipped to the Seychelles.

Tourism and tuna fishing are two of the islands' main industries. "You don't need a Kalashnikov to shoot tuna," says a U.S. intelligence officer. One State Department theory is that the new President, F. Albert Rene, is simply equipping his nearly 400-man Seychelles Liberation Army. Apparently because the U.S. has curbed its arms sales, he turned to the Soviet Union. Rene now presumably would be protected against a counter-coup by deposed President James R.M. Mancham, head of the conservative Seychelles Democratic Party. When Mancham was ousted while visiting Britain, he scoffed: "It is no big heroic deed to take over the Seychelles. Twenty-five people with sticks could seize control." Not any more. ■

PORTUGAL

Right Turn

After socialism, "reformism"

Since 1974, when a military coup ended more than 40 years of fascist dictatorship, Portugal has experimented with Communism and socialism—and seen the sweet promises of revolution turn sour along with an ever more depressed economy. Last week "reformism," a freshly coined label on Lisbon's political scene, got its turn. The newly named government of Premier Carlos Alberto Mota Pinto defeated a Communist bid to deny it a vote of confidence, and thereby established itself as the fourth constitutional regime Portugal has had in three years.

The vote ended months of uncertainty over who would hold power in Lisbon. The Socialists, who are the largest party in the fractious Assembly, rejected the previous government, which was formed last summer by Alfredo Nobre da Costa, an apolitical technocrat, at the behest of President António Ramalho Eanes. Eanes had just dropped Socialist Party Chief Mário Soares from the premiership after his governing coalition with the conservative Center Democrats fell apart. Soares was incensed by his ouster and was particularly upset because Eanes had not consulted the political parties before choosing Nobre da Costa. The former Premier insisted Eanes' action was "unconstitutional" and an example of haughty "presidentialism."

This time the Socialists in effect accepted the Mota Pinto government by the device of abstaining in last week's voting, even though Soares is personally opposed to Mota Pinto, a political and economic conservative. Soares said his party would give the new government "time to see what it is going to do."

What Portugal now has is a government more to the right of center than any other since the revolution. Mota Pinto, 42, a brilliant former law professor at Coimbra

University, intends to bring to Portugal what he calls reformism, which he defines as the gradual, realistic search for social and economic improvement. It is, he says, "a prospect, a criterion, a framework."

Accordingly, the program that the Premier presented for treating Portugal's many ills was vague, perhaps deliberately so. Some disgruntled deputies derided it as a "letter of intent," and a "mere memorandum." Without mentioning specifics, the Mota Pinto program called for revising agricultural credit, promoting competition, creating jobs, and keeping up a permanent "dialogue with the workers." In his speech before the Assembly, Mota Pinto spoke forcefully in defense of his program. Said he: "We must put discipline in work, better the conditions for private investment and make the public sector efficient."

Mota Pinto, who describes himself as "independent and nonpolitical," intends to keep his government of technocrats and holdovers from the Nobre da Costa caretaker regime in office at least until 1980, when general elections are scheduled. In his favor is a definite shift to the right in Portugal's political spectrum. The Socialists have lost badly in by-elections in the conservative north. Portuguese banks, nationalized in 1975, have more or less gone back to operating as private institutions. A Right-Wing Party of Portugal has been formed.

Soares concedes that his Socialists are "somewhat spent," but he believes they will bounce back in 1980. Whether that is true will depend on how successful the reformists now in power in Lisbon are at mitigating the ills that their predecessors left behind: a 23% rate of inflation, hundreds of bankruptcies, an annual balance of payments deficit of about \$1.5 billion, an agricultural policy so poor that Portugal must import 50% of its food, and unemployment so high that no one is able to calculate it precisely. ■



Boney M boogying in Moscow last week

SOVIET UNION

Rock Arrives

But not Rasputin

Muscovites had never heard or seen anything quite like it. For ten days, Boney M, a four-member Jamaican reggae-disco group whose recorded tunes consistently top the pop charts of Europe, wriggled and pranced through a sellout engagement at the huge 2,700-seat concert hall at Moscow's Rossiya Hotel, while mounted police held back thousands of other fans and onlookers outside.

Getting tickets for one of the group's eight concerts became an overnight status symbol for the Moscow establishment. As a result, most of the seats went to the privileged—members of the Communist Party, government officials and the cultural elite. Only 10% of the tickets were sold to the general public, and scalpers charged up to 200 rubles (\$300) for a five-ruble (\$7.50) ticket. One enterprising fan introduced himself at the box office as an aide to U.S. Ambassador Malcolm Toon and disappeared with four tickets reserved for the American embassy.

Reactions to Boney M's flashy feathered costumes and funky music ranged from disgust among the elderly to hand-clapping enthusiasm among the younger set. But one song Muscovites did not get to hear was the group's latest hit, *Rasputin*. Its lyrics run: "Ra Ra Rasputin, lover of the Russian Queen/ Here was a cat that was really gone/ Ra Ra Rasputin, Russia's greatest love machine." Soviet officials had cautioned Boney M's producer well in advance of the engagement that the tune might not be appropriate for Moscow audiences. ■



Socialist Party Leader Mário Soares



New Premier Carlos Alberto Mota Pinto

A deliberately vague prescription from the right of center government.



Brian Weber at the gate of Kaiser's Gramercy, La., plant

Law

Bigger Than Bakke?

"Reverse discrimination" returns to the court

The headline-grabbing Bakke decision last summer left open more questions about reverse discrimination than it answered. The Supreme Court outlawed explicit racial quotas for admission to universities receiving federal funds, while ruling that race could still be a factor in selecting applicants. But the court did not say how far employers could go with affirmative-action programs designed to give minorities a break, programs that often use quotas and also affect millions of workers.

Last week the court decided to face that issue. It agreed to review the case of Brian Weber, 32, a white employee at the Gramercy, La., plant of Kaiser Aluminum & Chemical Corp. who had been rejected by a craft training program that reserved half its places for minorities. Weber sued Kaiser and his union, the United Steelworkers, and won: two federal courts ruled that under Title VII of the 1964 Civil Rights Act Kaiser cannot use racial quotas without proof that it discriminated in the past.

The lower courts reasoned that employers could use affirmative action only to remedy past wrongs. But making an employer show past discrimination puts the firm between a rock and a hard place. If an employer gives preference to non-white workers without admitting past errors, it opens itself up to suits from passed-over white workers like Weber. But if the employer admits past discrimination, it invites suits for substantial back pay from nonwhites. Allowing the decision to stand, argued the Justice Department in its petition, "can be expected to chill voluntary affirmative-action programs throughout the country." The Equal Employment Opportunity Commission also disagrees with the Weber decision. The

same day the high court decided to review the case, the EEOC announced final guidelines designed to encourage voluntary affirmative action.

Kaiser and the Steelworkers agreed to their affirmative-action program voluntarily, notes Yale Law School Professor Bruce Ackerman, but "with the Government looking over their shoulders." Fewer than 2% of the 273 skilled craft workers at the Kaiser plant where Weber works were black, while the surrounding area's work force was 39% black. Discrimination had been shown at two other Kaiser plants in Louisiana, and the company risked losing federal contracts. But Kaiser still insisted in the lower courts that there had been no past discrimination. Why? Because the company did not want to lay itself open to suits by black workers. "People are being made to feel that Kaiser would set up this kind of program even though it had not discriminated in the past," says EEOC Chief Eleanor Holmes Norton. "That's nonsense."

The EEOC and the Justice Department want the Weber case sent back so lower courts can reconsider evidence of Kaiser's past discrimination. But Weber, now a \$20,000-a-year lab technician at the Kaiser plant, says he is optimistic about winning in the high court. If he does, he may become an even more important symbol than Allan Bakke. Unlike Bakke, who used to duck publicity, Weber says he doesn't mind "the notoriety." A loquacious Cajun and father of three who is fond of fishing, he likes to be photographed in his hard hat. In fact, Weber plans to go to Washington to hear his case argued in the Supreme Court's marble temple this winter. Says he: "I wouldn't miss it."

Milestones

MARRIED. Lord Snowdon, 48, who received his title one year after he married Britain's Princess Margaret; and **Lucy Lindsay-Hogg**, 37, researcher for Associated Television, who will now be known as the Countess of Snowdon; both for the second time; in London. A photographer, Antony Armstrong-Jones met Lindsay-Hogg in Australia four years ago when they worked together on a BBC documentary.

DIED. **Sam Houston Johnson**, 64, the late President Johnson's only brother; of cancer; in Austin, Texas. The younger Johnson worked for L.B.J. for three decades, acting, he once explained, as "baby sitter, chauffeur, political troubleshooter, administrative aide and general adviser." In 1970 he published *My Brother Lyndon*, in which he wrote that anyone who works for L.B.J. for more than 30 days "ought to receive a Purple Heart."

DIED. **Vincent du Vigneaud**, 77, winner of the 1955 Nobel Prize in Chemistry for his synthesis of two pituitary hormones; of a stroke; in White Plains, N.Y. Chairman of the biochemistry department at Cornell University Medical College, Du Vigneaud headed a team of scientists who succeeded in 1946 in synthesizing penicillin, the climax of years of work by an international task force.

DIED. **Herbert Fisk Johnson**, 79, longtime head of Johnson's Wax and art *aficionado*; of pneumonia; in Racine, Wis. "Hib," who in 1922 began to work for the company founded by his grandfather, was a pioneer in providing employee benefits; he established a pension and hospitalization plan in 1934. In 1936 he commissioned from Architect Frank Lloyd Wright a now famous office building in Racine and in 1962 invested \$750,000 to buy U.S. art, which is now housed in the Smithsonian Institution.

DIED. **Salvador de Madariaga**, 92, erudite, witty, prolific man of letters, interpreter of Spanish culture and diplomat; in Locarno, Switzerland. When King Alfonso XIII abdicated in 1931, Madariaga became the Spanish Republic's first Ambassador to the U.S. and its delegate to the League of Nations. After the Spanish Civil War, he became an energetic opponent of Franco, living in England, broadcasting to Latin America for the BBC, and working for various international organizations. All the while he poured out—in English, French and Spanish—a torrent of political books, literary essays, novels, poems, plays, histories and biographies. (His *Bolivar* dubbed the great liberator "a vulgar imitator of Napoleon.") In *Anarchy or Hierarchy* (1937), Madariaga called for political equality but social hierarchy, since he believed that "inequality is the inevitable consequence of liberty." His decades of exile, he once told a reporter, were not too bad since, he said, "I carry Spain inside me."

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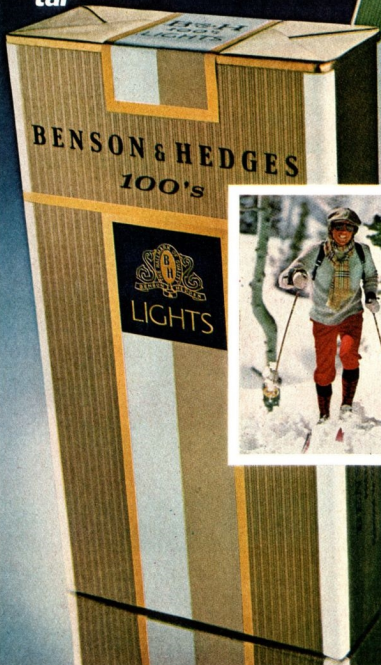
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Science

Einstein's Wave

News of utmost gravity

Not since Newton had anyone devised a more precise explanation of gravity—the universal “glue” that pervades everything, from minuscule atoms to massive stars. Yet for all the significance to modern physics of Einstein's 1915 general theory of relativity, his complex equations have still not been proved beyond a shadow of a scientific doubt.

Last week, in an announcement that excited physicists round the world, University of Massachusetts Astronomer Joseph H. Taylor added new weight to the Einsteinian case. At a gathering of astrophysicists in Munich, Taylor reported indirect experimental evidence affirming a major tenet of general relativity: the existence of gravitational waves. Predicted by Einstein, but never positively detected, this elusive radiation is the carrier of gravity, just as light waves are the carriers of electromagnetism, another of the universe's basic forces.

The achievement of Taylor and his colleagues, Peter M. McCulloch and Lee A. Fowler, was a triumph of radio astronomy. In 1974, while scanning the heavens with the giant bowl-shaped radio telescope near Arecibo, Puerto Rico, the researchers detected rhythmic radio signals from the constellation Aquila. The bursts were coming from a pulsar, or rapidly rotating neutron star—the incredibly compressed cadaver of a giant star whose nuclear fires have died out. Some 15,000 light-years away, it apparently was in orbit around a second compact object, perhaps another neutron star or even a black hole, whose gravity is so strong that nothing, not even light, can escape its grasp.

As the unique pair whirled through

space, they offered an ideal test of Einstein's theory. According to general relativity, their movements should be accompanied by an emission of gravity waves. That faint radiation would be impossibly difficult to detect from earth. Still, if Einstein were right, the energy drawn from the orbiting bodies by those waves would cause a predictable effect: the two bodies, which spin around each other about once every eight hours at a velocity of 1.06 million k.p.h. (660,000 m.p.h.), would move ever closer, causing a shortening in their orbital period. The loss, to be sure, would be infinitesimal: only one ten-thousandth of a second per year, as determined from the pulses picked up by the Arecibo “ear.”

Last June, after four years of patient observing, the researchers finally made the crucial measurement. They employed a new, extremely sensitive computerized clocking device capable of detecting orbital timing changes of only one fifty-millionth of a second. This superaccurate timer revealed that in those four years the orbital period of the objects had decreased a total of four ten-thousandths of a second. That was exactly on the Einsteinian mark. Said Taylor: “We don't claim to have detected gravitational waves themselves, but simply proved they exist.”

Other scientists were slightly more cautious. Larry Smarr of the Harvard-Smithsonian Center for Astrophysics pointed out that the orbital reduction could have been caused by other influences, perhaps the tug of another unknown massive object. Still, Smarr and other astrophysicists seemed generally impressed. Said the University of Rochester's David Douglass, who was handing out buttons in Munich saying GRAVITY WAVES DO EXIST: “It is quite unlikely that Taylor's claim will be disproved.” ■

Idaho Blowdown

Staging a nuclear accident

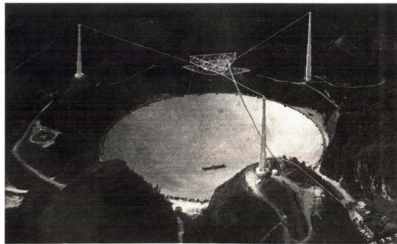
It is a nightmare that has nagged scientists since the dawn of nuclear power. A cooling-system pipe ruptures. The temperature of the nuclear reactor's core fuel shoots up, melting its zircaloy shielding. Finally the heat becomes so intense that the entire domed building disintegrates, leaking out a cloud of radioactive fallout that kills tens of thousands of people.

That gloomy scenario is, happily, still no more than hypothetical. But could such a blowdown, as scientists call it, really occur? Most officials say the risk is infinitesimally small. Even if a loss of coolant did occur, the reactor's back-up emergency core cooling system would presumably swing into action. Critics remain unpersuaded. They point out that there has never been a real test of a core cooling system in the 27 years of atomic power.

Last week, near snow-swept Mud Lake, Idaho, the Nuclear Regulatory Commission undertook to allay fears. It staged a nuclear accident in miniature, deliberately sabotaging a small test reactor's primary cooling system to see if the back-up system would avert a blowdown.

The \$10 million exercise was officially dubbed a Loss of Fluid Test (LOFT). It was held in the Department of Energy's Idaho National Engineering Laboratory. As some 200 scientists and technicians paced anxiously, the countdown began. On signal, two blowdown pipe valves snapped open, simulating a rupture. In a flash, reactor cooling fluid escaped. As the core's temperature soared, the secondary cooling system also failed, again according to plan. Then after only 17 seconds, the third system's coolant began pouring hundreds of gallons of water on the hot core. Its temperature, which had jumped to 516° C (960° F), still far short of zircaloy's melting point, soon settled back to 149° C (300° F). Exclaimed the Nuclear Regulatory Commission's Thomas Morley: “I pronounce this experiment a success!” Then off he went for a victory party of pizza and beer.

Antinuke forces thought such celebrating was premature. Physicist Henry Kendall of the Union of Concerned Scientists called the test meaningless because the LOFT reactor has less than 2% of the output of a typical atomic plant. Said his colleague Robert Pollard: “It's like using a kite to prove a moon rocket will work.” But LOFT scientists rejected that argument. Said one: “It isn't necessary to crash 747s against buildings to test their safety.” One thing was indisputable: the emergency core cooling system did work. Just to make sure that it does the job under different conditions, the Commission will stage about 20 more LOFT tests through the 1980s. ■



Bird's eye view of the giant bowl-shaped radio “ear” near Arecibo

The secret was in clocking the whirling objects far off in the heavens.

Music

A Crown for Good Queen Bev

Sills takes over City Opera

The Met may be mighty, but the New York City Opera has Beverly Sills. In 1966 she became a top star overnight, singing the coloratura role of Cleopatra in Handel's *Julius Caesar*. She repaid City Opera by becoming the bestselling box-office draw in its 34-year history. Last January, when Sills, 49, announced that she would end her singing career in 1980, she promised that she would stay on at City Opera—as co-director with Julius Rudel, 57, her mentor and director of the company for 21 years. Last week "Good Queen Bev," as Rudel has called her since her smashing performances in Donizetti's royal trilogy (*Roberto Devereux*, *Maria Stuarda*, *Anna Bolena*), took on the biggest and riskiest role of her career. Next July she will become the company's sole director: Rudel has decided to devote all his energies to conducting.

The transition may be bumpy at first. Sills, a charmingly mettlesome Norina in the Met's effervescent new production of *Don Pasquale*, has a full performance schedule through 1980. She will cut back. But some promises may be impossible to break, such as the San Diego Opera premiere next June of a new opera written for her by Gian Carlo Menotti. Sills has little administrative experience, but she has a sharp, well-organized mind. During the past seven months, she has spent every free moment trailing the City Opera managing director. Says she: "I have learned everything: how subscriptions work, how to read cash-flow statements, what makes the company tick. My head is so full of plans and ideas that I can't wait to get cracking."

The speed of the transition surprised the musical world and started speculation that Rudel had quarreled with City Opera's board of directors. The company has had some sour notes in recent years. A deep financial crisis—now successfully surmounted—threatened at one point to close the house. Performances have often been slipshod lately, the casting haphazard. Rudel, although tireless, has been away from the house more and more on conducting engagements; he has accepted the directorship of the Buffalo Philharmonic beginning next fall.

Along with City Opera's problems, however, Sills will inherit a healthy, adventurous tradition. Under Rudel, the company staged early operas like Monteverdi's *The Coronation of Poppea* and such rarities as Janáček's *The Makropulos Affair* and Rimsky-Korsakov's *Le Coq d'Or*. It has nurtured young singers, mostly American—including, on their way up, Sills, Sherrill Milnes, Donald Gramm and

Plácido Domingo. "Rudel did interesting operas and developed interesting singers," says Anthony Bliss, executive director of the Met. "It is no mean achievement."

Sills plans to keep the company mostly American and to scout Europe for expatriate talent. Says she: "If I had the career I did, educated and working in America, why can't others?" She also hopes to continue producing works that are seldom staged. "I want to get to the point where, with the exception of a few bread-and-butter operas like *Butterfly* and *Bohème*, we have no crisscrossing of repertory with the Met," says Sills. "We shouldn't be the second company in New York; we should be the other company, the different one."



Sills in Met's new *Don Pasquale*

"I can't wait to get cracking."

A formidable fund raiser (\$1 million since joining the board last year), Sills has the glamour and now the position to attract backing for City Opera. Says Tito Capobianco, general director of the San Diego Opera: "At this moment, the City Opera is asleep. Beverly will put new life there. She is magnetic." As a singer, Sills could command the stage with a trill. She may prove as great a star in the wings. ■

The Man Who Sells the Sizzle

RSO's Al Coury hits big

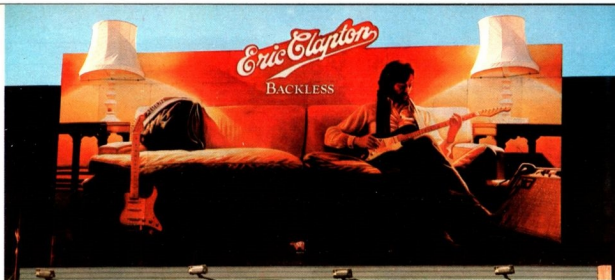
There are only a few clues at the house in the valley.

The furniture, marginally stylish when new, shows the wear of a decade and the impact of two lively kids. A *Kiss* album has been left abandoned on a sofa that Elton John wouldn't allow in the servants' quarters. A silver-blue Mercedes-Benz is parked in the concrete driveway, but automotive ostentation is endemic to Los Angeles, even to such a comparatively modest suburb as Woodland Hills.

The license plate gives a little away: NUM 1. This is not wish fulfillment on a rear bumper, though. The owner of this Mercedes rates. In a time of phenomenal success for the record business (\$98.2 million albums, singles and tapes were sold for \$3.5 billion in 1977), Al Coury, president, head honcho and chief dervish of Robert Stigwood's RSO Records, has taken a penthouse on top of the sales curve, even as his family stays snug in their San Fernando Valley tract house. "Yeah, I live in the same house I did when I was making \$18,000 a year for Capitol," Coury says. "Who needs Bel Air? My kids go to good schools, my wife's involved with the women's league at church. It's just my lawyers. They think I'm crazy."

They are the only ones. This year, RSO will sell more than \$300 million worth of records. Al Coury spearheaded the runaway success of the *Grease* and *Saturday Night Fever* sound tracks, making them two of the alltime Top Ten albums. He insists that the *Sgt. Pepper's Lonely Hearts Club Band* sound track package will sell 4.6 million units. For 42 weeks of 1978, RSO albums occupied the top slot on the charts. During one of those weeks, the RSO logo—a benign, bright red castrated bull—graced the labels on three of the top five albums. During two of those weeks, across the way on the singles charts, RSO claimed four of the top five. Music biz stats like this burn the giant tails of such outfits as Columbia and Warner Bros.-Elektra/Asylum-Atlantic. Such a fact was not lost on anyone in the record business, least of all Robert Stigwood. "I knew Al was dedicated to music," Stigwood said. "I just didn't know he was that dedicated." The grateful board chairman cut Coury in for some additional pieces of the corporate pie, a consideration valued at well over \$5 million. Said Stigwood: "Al's worth a lot to me."

He not only still lives plain, but Al Coury, 43, talks as tough ("Don't call me back. Just do it") and speaks as straight ("If someone brought me *Kiss* today on a silver platter, I still wouldn't sign them") as he did 21 years ago, when he started



An illuminated billboard for a current RSO release, featuring a moody Eric Clapton, towers over Sunset Strip in Hollywood

hustling records around New England for Capitol. At RSO, Coury is given his head ("Robert's always on a boat somewhere. He says the L.A. smog affects his breathing"). Coury plunges into all areas of the biz. He engineers marketing strategy, designs ad campaigns, even pitches in on planning those mammoth Sunset Strip billboards, which are for the music industry what heraldry was to Camelot. He also brainstorms with the talent, helping artists choose material. Singer Yvonne Elliman calls him "the man with the golden ears—the best in the business at picking singles." Coury says, "I don't tell big artists like the Bee Gees or Eric Clapton what has to go on their albums, but they ask me and I give them my opinion."

This communal commercial approach yields a uniform sound to RSO's product: smooth, sweet and very airy, like a sauna filled with Cool Whip. Coury boasts that he has sold Eric Clapton better than anyone, but Clapton's RSO albums (like the recent *Backless*) are bleached-out blues for easy listening. Coury's golden ears have helped create a theme song from the new RSO movie *Moment by Moment* that seems just right for slow dancing in elevators. Consequently, Coury is often on the aesthetic defensive, making heated claims for such slick popcicles as the Bee Gees by stating, "They're having a greater impact on music today than ten Bruce Springsteens! Rita Coolidge sings their songs and so does Frank Sinatra!"

Coury's major gifts, as he would be the first to concede, are in sales. "Sales like ours don't just happen," he snaps. "We make them happen! And I sell the sizzle!" How he does this could serve neatly as a crash course in the fine points, and pressure points, of selling records. Two basics from the Coury primer: "Nobody gets rich on singles; singles advertise an album. Most important: get your records on the radio."

To launch a hit, Coury will deploy his force of promo men (who make up almost half of the company's 68 employees) after giving them a Sunday-night pep talk on the phone that one trade-paper publisher compared to "listening to Vince Lombardi." As a breed, record promo men look like blow-dry Willy Lomans. Dressed in satin warmup jackets that hype the latest company acts, they hunker down for long sessions with pro-

but it is radio that gets their best shot. Meanwhile, back in the three-story Sunset Strip offices of RSO, Coury is on the phone, eagerly reading the new charts—delivered to his office before they go to press—and placing calls to the various trades about the new positions of RSO products. If, as RSO National Sales Manager Mitch Huffman says, "the charts are Coury's bible," then the boss is certainly not averse to applying for a revised standard version. He'll bluster, cajole, even strongarm an editor for a more favorable chart position. Says Wilson: "Coury's the only record company president that makes those calls. And I mean the only one."

Such playground infighting is fueled by the high odds against the success of any new record: as program directors at the stations narrow their play lists and the Top 40 shrinks to the Top 25, companies try to introduce an average of 150 new records every week, of which maybe three will be hits. But the rewards can be as big as the risks. "We've shaken off our dependence on the whims of twelve-year-olds," says Elektra/Asylum Chairman Joe Smith. "No longer is the Establishment above pop music." Adds Coury, "What we've done is put the industry on notice that there are no longer limits to album sales. Now the audience ranges in age from 15 to 50, and we're only seeing the beginning."

Coury, playing guarded, projects RSO business for next year at 75% of 1978, but admits: "That's a lot." The Bee Gees are dishing up a new album in February that Coury predicts will be "a gorilla." There will be new albums from the small roster of 13 RSO acts, and a record package of *Evita*, a pop-top opera about Eva Perón that is S.R.O. in London. Al Coury has to love it all. "I don't love vacuum cleaners and underwear. But I love music, and I can sell it." And it will be sold. What comes out of the RSO outfit may not seem a whole lot like real rock 'n' roll, but it sure sounds like money. ■



President Coury and pal conducting business

Bleached-out blues and slow dancing in the elevator.

gram directors of radio stations all over the country, pushing the product, offering occasional sweeteners that can range from free T-shirts to gram bottles of coke. But, says *Radio & Records* Editor and Publisher Bob Wilson, "gifts alone can't get a record played more than a couple of times if the public doesn't like what it hears."

Promo men work record stores too,

Economy & Business

1979 Outlook: Recession

But it will be short, mild and help curb prices, say TIME's economists

Question: What should a Government do when its economic policy seems likely to drive the nation into a recession?

Answer: Hold fast to that stringent policy. Let the recession come, if need be. More than that, aim for the downturn to be followed not by a vigorous rebound in production and jobs but by a year or two of only moderate growth.

A year ago, that reply would have seemed a fearful sin against the spirit of liberal economic doctrine—to say nothing of the spirit in which Jimmy Carter campaigned for the White House. But in the past twelve months, economic and political thought has gone through a wrenching change. In the words of Economist Otto Eckstein, a member of TIME's

average 9.5% higher than at the end of last year. Result: the President, who began the year trying to prod the economy to faster growth, shifted gradually to a tight-budget policy and proclaimed wage-price guidelines that stop just short of mandatory controls. When even those measures failed to stop inflation and the sickening plunge of the dollar, President Carter on Nov. 1 welcomed a sharp increase in interest rates that normally would have violated his populist principles.

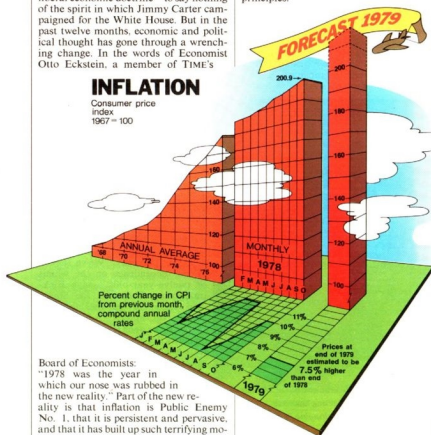
nesota Professor Walter Heller will give even fifty-fifty odds on avoiding a downturn. The others all agree that there will be a recession, but that it will be mild and brief, lasting only two or three quarters and at worst dragging real G.N.P. down at an annual rate of only 1% to 2%. All this will dent inflation—but only a bit. To ensure that inflation will continue to decline even after the recession ends, economic growth will have to be held below the old 4% norm for some years to come.

Even most of the liberals on TIME's board accept this harsh conclusion, though they add that if the wage-price guidelines can be made to work, the Administration and Federal Reserve Board will not have to crack down quite so hard on growth. Several argue forcefully that the Government should not try to head off the recession or aim at a vigorous expansion once it ends. "It would be a horrendous error to try to fight the recession by anything other than minor palliatives," says Democrat Eckstein, who heads Data Resources Inc., the nation's leading economic analysis firm. Adds David Grove, a consultant to IBM who sometimes sides with the liberals: "The problem that the country has to face is whether it really wants to get the basic rate of inflation down very substantially, to cut it, say, in half. There is no way to accomplish that without going through a recession and having a couple years afterward of very slow growth."

The board members have some differences about the outlook. Eckstein thinks the recession will last only two quarters; Robert Nathan, a Washington economic consultant, fears that it may stretch out over as many as four. The consensus is two or perhaps three quarters. Eckstein calculates that corporate profits after taxes will rise only 5% next year, vs. 14% in 1978—and will go up even that modestly only because the tax rate on most corporate income will drop from 48% to 46% on Jan. 1. Arthur Okun, senior fellow at Washington's Brookings Institution, put the increase even after taxes at a round zero.

In most details, however, board members' forecasts are remarkably close:

PRODUCTION. Real G.N.P. next year will average a mere 2% higher than in 1978, and most of the growth will occur in the first quarter. By spring, or summer at the latest, output will turn down. Housing, as



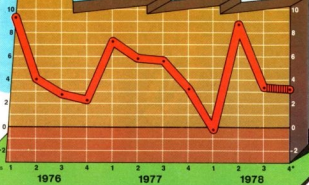
Board of Economists: "1978 was the year in which our nose was rubbed in the new reality." Part of the new reality is that inflation is Public Enemy No. 1, that it is persistent and pervasive, and that it has built up such terrifying momentum in the U.S. as to be unstoppable, for the moment, unless the nation reduces the roughly 4%-per-year economic growth rate that it had come to consider normal.

This year, real gross national product—total output of goods and services, discounted for inflation—probably rose only 3.8%. But consumer prices jumped so rapidly that in December they are likely to

Carter still argues that these steps will curb the inflation without causing a slump in 1979. Last week he told a meeting of the Business Council that "we do not anticipate a recession next year"—though he added that warnings of one "can become a self-fulfilling prophecy." But among the ten members of TIME's Board of Economists, only University of Min-

GROWTH RATE

Percent change in GNP at an annual rate in 1972 dollars



TIME Charts by Nigel Holmes

*Projection

usual, will lead the slump. Builders will not be able to keep up the fast pace of this year, when they astonished everyone by starting around 2 million new homes and apartments despite the high interest rates that traditionally pinch off mortgage money. Auto sales will slow down too, though much less severely than housing. Consumers, who have kept up their buying only by plunging deep into debt, will have to retrench. As sales fall, businessmen will find shelves overstocked and will cut their orders and output.

By year's end the drop will be over. Businessmen will have cleaned out their inventories; consumers will have repaid enough old debts to start taking on new ones; mortgage loans will be a bit cheaper and more plentiful. All that will set the stage for a new advance by early 1980, but hardly any boom.

JOBS. The unemployment rate will rise from 5.8% in November to around 7% at next year's end. That will mean roughly 1.2 million more people out of work. Many will be teen-agers or would-be working wives rather than family breadwinners. Moreover, 7% unemployment does not imply as much suffering as it would have a decade ago. The jobless today are protected by generous unemployment compensation and such Government programs as food stamps. Still there will be some hardship, and even after recovery begins, the number of job seekers will rise faster than the number of new jobs created. Grove predicts that the unemployment rate will peak at 7.6% in mid-1980.

PRICES. From this December to next December, consumer prices will rise about

7½%, which is still an intolerably high rate though significantly less than the 9½% jump during 1978. Early next year, inflationary momentum and the legacy of past policy errors will keep prices rising so fast that there will seem to be no improvement at all. Heller ticks off some of the reasons: beef prices will continue shooting up because cattlemen are only beginning to replenish herds that they had thinned, labor costs will be lifted on Jan. 1 by a rise in the minimum wage from \$2.65 to \$2.90 an hour and a sharp increase in Social Security taxes, and OPEC will raise the price of oil. Says Joseph Pechman, director of economic studies at Brookings: "There is little hope at all of getting the inflation rate below 8% during the first half. It might even be higher."

By midyear, the recession will start

lowering the inflationary fever. For example, housing in 1978 was perhaps the most inflationary force in the economy; between April and October, the average price of a new house soared at an annual rate of 22.3%, to \$65,700. That pace will not be sustained, of course, once house sales turn down.

What happens to inflation after 1979 depends on many uncertainties, including the degree of Government determination in sticking with restrictive tax, spending and money-supply policies, the success or failure of Carter's wage-price guidelines, the weather and crop yields, and the price and availability of oil from beleaguered Iran. Members of the TIME board willing to guess at the inflation rate by the end of 1981 divide sharply. Economic Consultant Alan Greenspan, a staunch conservative, agrees with Liberal Heller that it will be around 5½%, which would be acceptable only as an interim goal. Grove and Beryl Sprinkle, executive vice president of Harris Trust & Savings Bank in Chicago, more gloomily figure about 7%.

INTEREST RATES. They will top all previous highs. The prime rate on loans to the most creditworthy businesses will rise from a near record 11½% now to about 13% early next year, as the Federal Reserve Board tries to discourage inflationary borrowing by reining in the growth of the money supply. The onset of recession will then permit the Reserve Board to ease up, but not much. Greenspan figures that by next year's end the prime will still be a daunting 10%.

THE DOLLAR. It has stabilized so much since the panic days of late October that it is now a rare bright spot. Foreign and American companies and banks, which earlier had been dumping dollars, have been reassured by the Government's new program. The policy includes raising a war chest of \$30 billion in foreign currency, mostly by borrowing abroad, to buy unwanted dollars on world markets, and jacking up interest rates high enough to display a

1979 GROWTH

Median of TIME economists' projections (percent change in GNP)



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8-9:30 pm (EST) CBS-TV**

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Economy & Business

willingness to risk recession in order to reduce U.S. inflation.

The TIME economists generally believe the dollar will continue to hold steady next year, or even rise a bit. Big reason: the U.S. trade deficit, estimated at a record \$28 billion this year, will drop by anywhere from \$6 billion to \$12 billion, as the recession cuts into imports. Stability in the dollar, in turn, will help to reduce inflation by holding down increases in prices of imports and of U.S.-made goods that compete against them.

Yale Professor Robert Triffin warns, however, that many foreign holders of dollars, like holders of stocks that have been going down sharply, are ready to sell any time they can get a slightly better price. Says he: "They don't want to sell at the bottom, but each time the dollar moves up a little bit there are lots of people who are just waiting to unload"—and such selling will keep any dollar rebound from going very far.

The Board of Economists has a good record of prognostication for previous years, but any forecast is subject to error. The most President Carter will concede is that real G.N.P. growth next year may fall below his official target of 3%. The Administration script calls for a "soft landing"—two or three quarters in which output gains are small but nonetheless real. High interest rates, in the opinion of Carter's advisers, no longer bite down as hard on business activity as they once did, and so far there are no signs of the imbalances, like a pile-up of inventories, that usually precede a slump.

Heller excepted, members of the Board of Economists reply: 1) the soft-landing outcome is possible, but unlikely; 2) even if it does happen, so what? Real G.N.P. may not decline for two successive quarters—the technical definition of recession—but it will slow to such a crawl as to bring about a sub-

stantial rise in unemployment. Says Washington University Professor Murray Weidenbaum: "If it isn't a recession, it will still feel like one."

The economists on the TIME board fear that their forecast may be too optimistic. Eckstein sees a 1-in-5 chance that frenzied borrowing, and buying of houses and other goods by consumers before prices go up even more, would continue to keep expansion rolling through much of next year. It would be nothing to cheer about, he adds, because inflation would continue to accelerate and the Government would have to press down even harder on the economy. Result: a recession that does not start until late 1979—but is then worse than anybody now foresees, lasting for as many as four quarters and sending the unemployment rate up to 8%.

That a mild recession in 1979 would appear almost desirable would have seemed farfetched a year ago. That was

Spending for a Rainy Day

Some time during this Christmas season, a father selecting a suit for his son or a sugar daddy dying a bauble for his woman friend will pull out a plastic credit card to pay for it, and the U.S. consumer will be \$1 trillion in debt. Figuring that in an inflationary period the wise person borrows while the fool saves, the consumer has been piling on debt at a quickening rate, buying new houses, new toys and just about everything else. Private debt now averages more than \$4,600 for each man, woman and child in the U.S.

Federal Reserve Board Chairman William Miller frets that the load is too heavy. So does his predecessor, Arthur Burns. Says he: "Consumers are going into debt at a reckless rate. They are counting on good luck. Let there be some weakness in the economy, and they'll be in trouble."

Retail sales were up a strong 2% in November on top of October's 1.3% rise, and the consumer is attacking his holiday shopping with gusto. Christmas sales are flat in many Midwest areas, but in Boston, Pittsburgh, Atlanta, Dallas, Houston and Beverly Hills, retailers report sales well ahead of last year. Some are even looking forward to double-digit increases.

Dallas merchants say Christmas sales may climb by 25%. Shoppers are packing malls in suburban Houston to buy stereos, TVs and Betamax recorders. Expensive furs, jewelry, silks and cashmeres are brisk sellers everywhere. Many retailers echo the report of a lug-gage salesman at Chicago's Marshall Field department store: "Customers are buying better quality. It's the old philosophy of being too poor to buy cheap."

Consumer debt, the kind that results from credit-card purchases, installment buying and other small loans, has jumped since 1975, from \$197 billion to \$289 billion. Moreover, mortgage debt in the same period has risen from \$479 billion to \$701 billion because home

prices have increased fast and people figure that houses are a good investment.

There is a buy-now attitude among Americans, who figure that prices are not going to go down and if they see something they like, they had better buy it now. Economist Alan Greenspan estimates that an unprecedented 25% of the average household's after-tax income now goes to meeting interest and principal payments each month, and that "there are a significant number of households that allocate 40% or more of their income to debt service."

While they spend, borrow and pay off, Americans are saving less of their incomes than in a decade—only 5.1%, which is down from the 1973-75 average of 7.6%. This may be due in part to a feeling that people need not worry about their old age because Medicare, Social Security and private pensions will take care of them, but the attitude represents a basic change in consumer psychology. When inflation ran high in past years, consumers reduced their borrowing and

increased their savings out of fear of bad times ahead. This helped fight inflation by braking an economy that needed slowing.

What makes the present load bearable for the borrower is the lengthening of the repayment schedules for installment loans. Auto loans that used to run for three years can now be stretched to four or even five. Some credit-card repayments can be drawn out indefinitely for anyone who is willing to pay an annual finance charge of up to 18%.

Thus that first sign of an overextended consumer, a rise in loan delinquency rates, has yet to occur. Mortgage loan delinquencies are at an alltime low, reports Claude Pope, the head of the Mortgage Bankers Association, and the "loan collector" who used to break the thumbs of widows and orphans has been renamed a "loan counselor." But if the economy slows as expected next year, it is going to take an awful lot of counseling to advise the American people about how to carry a trillion dollars of debt.



Sable shopping at Saks Fifth Avenue
Piling up debt at a quickening pace.

Economy & Business

before the experience of 1978, a watershed year in which popular, academic and political perceptions about the economy all swung far to the right. Public fury about inflation turned the citizens' mood against taxes, spending, deficits and government in general. Liberal economists, who had tirelessly insisted that federal policy should be aimed at stimulating demand and closing loopholes in the tax laws, began talking instead of the urgent need to encourage capital accumulation and private investment. Congress passed a tax law far more conservative than Jimmy Carter wanted, and Carter himself talked such a stern budget-slashing line as to make him, in the wildly overstated view of AFL-CIO Chief George Meany, the most conservative President "in my lifetime"—which goes back to the Administration of Grover Cleveland.

The turnabouts occurred because 1978 was the year when the U.S. ran out of excuses for bad economic policy and performance. The collapse of the dollar drove home the truth that the nation is suffering from shockingly lower investment and productivity than its industrial rivals. (American output per hour worked rose a mere .3% in the twelve months ending last September, a record that one high Administration official calls "an utter disaster.") The trade deficit that loomed freakishly large at \$26.5 billion in 1977 grew even bigger, and this time it could not be wholly blamed on oil imports—which actually went down, while other imports surged.

At home, inflation at the start of the year seemed stuck at a basic rate of 6% to 6.5%—which Carter considered "reasonable and predictable." But then price boosts speeded up from Jan. 1 onward far faster than anyone had expected. The 1978 rise of 9.5% compares with 6.8% last year. The increase was particularly unnerving because there was no obvious, overwhelming cause—no oil crisis or crop failure or wild speculative boom. Rapid inflation came to be recognized not as an aberration but as a terrifying built-in tendency, a consequence of too many demands being put by too many people on a limited amount of national wealth. In an April speech, Carter put the point in a striking metaphor: "Inflation has become embedded in the very tissue of our economy."

That speech started a remarkable policy reversal. To pep up what then looked like a flagging economy, the President had begun the year by calling for a \$25 billion tax cut and a \$60.6 billion budget deficit in fiscal 1979, which started Oct. 1. As late as March, misled by alarmist predictions from Energy Secretary James Schlesinger that a continued coal strike would cripple national production, Administration aides led by Robert Strauss forced on mine operators a settlement that

will raise wages and benefits nearly 40% over three years.

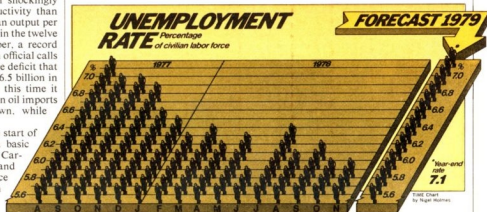
By spring it was obvious that Carter had trained his guns on the wrong enemy. The economy proved capable of growing without new stimulus. Once the mountainous winter snows had melted, real G.N.P. surged at an unsustainable annual rate of 8.7%. Unemployment fell faster than Government economists believed possible, from 7% as recently as August 1977 to a four-year low of 5.7% in June. When the Council of Economic Advisers met in late March, says one member, "the numbers just did not add up. We had underestimated the inflationary pressure by a wide margin."

Administration officials who wanted to switch to an anti-inflation policy—CEA Chairman Charles Schultz, Treasury Secretary Michael Blumenthal, Council on Wage and Price Stability Director Barry Bosworth—got a powerful ally in G. William Miller, who took over as Chairman of the independent Federal Reserve Board in March. Miller, a liberal businessman, was shocked by the run-

—by which time the greenback had sunk 18% against the German mark and 26% against both the yen and Swiss franc. Reports TIME Washington Economic Correspondent George Taber: "The U.S. this year paid a heavy price to learn something about world money markets. One of the tragedies is that there was nobody in the Treasury Department with any firsthand experience of how the markets worked—and the markets knew that."

Domestically, the loudest voice for a policy change was the roar of rage from the California voters who passed Proposition 13 in June, an outcry quickly echoed across the country. Voters were rebelling against the combination of inflation and high taxes that is pinching purchasing power.

In Washington the reaction to Proposition 13 speeded the deep change in federal tax policy. For years, tax laws had focused on making the system more equitable by taking away deductions thought to favor the affluent. But at a TIME Tax Conference in September, Democrats Russell Long and Al Ullman,



away inflation he encountered and publicly urged the President to declare it the primary peril. More support came from, of all people, Labor Secretary Ray Marshall. Says one Administration policymaker: "When Marshall starts arguing for wage-price guidelines, which would fall on his constituency, then you know the situation is serious."

Still, the Administration was locked for months in a back-room battle between "the economists," who fought for a tough anti-inflation program, and "the politicians," led by Vice President Walter Mondale and Domestic Affairs Coordinator Stuart Eizenstat, who feared that such a program would alienate Democratic voters. Nor did the Administration's monomaniacs fully appreciate the vicious circle in which inflation weakens the dollar and a drop in the dollar spurs more inflation. Treasury Under Secretary Anthony Solomon, with Blumenthal's support, argued against doing anything to prop the dollar until its rout had degenerated into a panic

chairmen of the Senate and House tax-writing committees, proclaimed the era of loophole-closing reform to be over. From now on, they asserted, tax laws will be "economically oriented" packages of cuts designed to relieve the ravages of inflation and spur job-creating investment.

Congress scrapped nearly all of Carter's proposed laundry list of revenue-raising reforms, such as limits on deductions for business lunches and taxpayers' medical expenses. Instead the legislators passed a series of tax benefits to aid business investment and expansion and, to everyone's astonishment, whooped through a cut, from 49.1% to 28%, in the top tax rate on capital gains (profits made on the sale of stock, real estate or other assets). Also, Congress and Carter eventually agreed to reduce the total tax cut from the \$25 billion that the President had originally requested to \$18.7 billion, and to delay its start from Oct. 1 to Jan. 1. While that might seem to flout the message of

The four quarter and line price-index formulas shown above are simplified versions of the formulas used by the BLS.

$$P_{1979} = \left[\frac{1}{4} \left(\frac{P_{1979}}{P_{1977}} \right) + \frac{1}{4} \left(\frac{P_{1978}}{P_{1977}} \right) + \frac{1}{4} \left(\frac{P_{1979}}{P_{1977}} \right) + \frac{1}{4} \left(\frac{P_{1979}}{P_{1977}} \right) \right] \times 100 = 1.000$$

$$P_{1978} = \left[\frac{1}{4} \left(\frac{P_{1978}}{P_{1977}} \right) + \frac{1}{4} \left(\frac{P_{1979}}{P_{1977}} \right) + \frac{1}{4} \left(\frac{P_{1978}}{P_{1977}} \right) + \frac{1}{4} \left(\frac{P_{1978}}{P_{1977}} \right) \right] \times 100 = 1.004$$

Given the money average price in the above example, the 1978-79 base rate of price change and the program rate of price change are computed as follows:

$$\text{Base Rate of Price Change} = \left(\frac{P_{1979}}{P_{1978}} - 1 \right) \times 100 = 0.4\%$$

$$\text{Program Rate of Price Change} = \left(\frac{P_{1979}}{P_{1977}} - 1 \right) \times 100 = 0.4\%$$

$$\text{Program Rate of Price Change} = \left(\frac{P_{1979}}{P_{1977}} - 1 \right) \times 100 = 0.4\%$$

As an example, the program rate of price change (0.4%) is 1.4% below the 1978-79 base rate of price change (1.8%). The company therefore complies with the price devaluation standard, which requires at least a 0.5% reduction in the average rate of price increase for all products.

Alternative Price Mechanism Formula

As an example, average price is used instead of individual product lines by dividing quarterly average by price index. Actual price index may be used instead of the line of

An official guideline price rise formula

Proposition 13, policymakers correctly judged that message to be a protest against rising prices as well as rising taxes. A big, early cut, they reasoned, would only fan inflation by deepening the budget deficit.

By year's end Carter had made or acquiesced in so many other changes that he had a new policy mix. Main elements:

BUDGET CUTTING. The expected deficit for fiscal 1979 has now been reduced from the original \$60.6 billion to \$38.9 billion, and in fiscal 1980 the President has pledged to shrink it to \$30 billion or less. To do so while also increasing defense spending he will have to cut some civilian programs—public service jobs, antipollution grants, subsidized low-income housing—and give up or delay some new initiatives. National health insurance? Not until 1983. Welfare reform? Under current plans, no money for it. Members of the Board of Economists fear that even if Congress accepts all this shrinkage, a recession nonetheless will push the deficit up to \$50 billion by reducing tax collections and increasing unemployment benefits. That does not mean the effort to cut other spending is unwise; without it, the deficit could swell to monstrous proportions.

TIGHT MONEY. Excessively fast growth of the nation's money supply has been an important cause of inflation. The Federal Reserve has created so much money partly to cover budget deficits, partly to meet the credit demands of a growing and inflationary economy. Throughout 1978 the Fed kept letting interest rates rise to discourage borrowing; banks raised the prime rate 14 times, by a total of almost 4 points, to 11.5%. Loan demand stayed high, however, and money supply kept bounding up; in September it rose at an annual rate of 15.8%. But the cumulative effect of the interest increases may be retarding money growth at last. Money supply in October rose at an annual rate of only 2%, and in November it actually dropped at a 4.5% clip.

DEREGULATION. Government regulation of specific industries and the spread of costly safety, antipollution and other rules that all industries must obey became widely recognized this year as a powerful inflationary force. In 1978 the Civil Aeronautics Board successfully freed air fares. The Interstate Commerce Commission now proposes to make entry into the trucking business much easier for new operators and to end the rate fixing by conferences of truckers. Carter has pledged to make environmental and safety regulation less costly and appointed an interagency council to comb out overlapping and contradictory rules. Unfortunately, the council is made up of the regulators themselves. Weidenbaum dismisses it as "the sinners gathering together to protect themselves—a sick joke."

GUIDELINES. The tendency of workers to demand big raises to catch up with past inflation and protect themselves against future price boosts, and of companies to pass along all cost increases and add a bit more, makes inflation accelerate. At first Carter contented himself with pleas for restraint

and named Robert Strauss as special counsellor on inflation to do some mild jawboning. Strauss's six-month tenure will be remembered mostly for one rueful wisecrack: "The score is inflation 100, Strauss 0." In October, Carter replaced him with CAB Chairman Alfred Kahn and proclaimed formal guidelines with some teeth. The rules: labor should hold wage and benefit increases to an average 7% annually, and companies should raise prices half a percentage point less than they did, on average, in 1976-77. The penalties: public denunciation of violators, and loss of Government contracts for companies that raise wages or prices too fast.

Business has given strong support to this program. In Economist Okun's words, no corporate executive wants "to volunteer for the role of first bastard." But members of TIME's Board of Economists divide on whether labor will accept the rules. Liberals Heller, Nathan and Okun argue that, Meany's grumbling to the contrary, many union members will be willing to get off the inflationary treadmill—provided that Carter can at least persuade Congress to grant tax rebates

How to Read Those Statistics

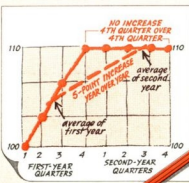
Every winter the public is treated to a blizzard of year-end statistics purporting to measure the myriad business trends that affect the pocketbooks of everybody. Yet many Americans find that official Government indexes seem contradictory and confusing. The fault lies with the way statistics are compiled and reported.

Some, like the Consumer Price Index, are limited but fairly consistent and reliable estimates, while others, such as retail sales, inventories and quarterly productivity figures, are little better than ballpark guesses. One of the weakest is the index of leading indicators, which is supposed to foreshadow economic trends. Often the Commerce Department releases preliminary figures that give false signals and then, like Stalin rewriting history, subjects the numbers to revision after revision. Statistics can be made to dance to almost any tune, depending on how they are presented, particularly at year's end. Warns Economist Walter Heller: "Tis the season to be wary."

One of the most important distinctions in reporting growth, inflation or jobless trends is whether they are calculated "year over year" or "fourth quarter to fourth quarter." The difference can be substantial. Say that the economy rises fast during one year but is absolutely flat the next year. Even so, the averages would show a fairly strong year-over-year rise.

How can that be? Well, the production index began the first year at 100 in January and rose to 110 in December. The next year was flat, so the index also measured 110. No gain, right? Not really.

In fact, the average for the first year was about 105, and the average for the second year was 110. Thus, when measured on a year-over-year or average basis, the second year would show a gain of about five points over the first. Of course it would be more accurate to use the fourth-quarter-over-fourth-quarter measure, which would show no rise. If the forecasts of TIME's Board of Economists are correct, next year's G.N.P. will rise about 2% year-over-year but will not increase at all in a fourth-quarter-to-fourth-quarter measure.



Economy & Business

to workers if inflation rises faster than their pay does. Sprinkel contends that any union president who settles for a wage boost smaller than the increase in prices "will not be president very long." Greenspan points out a basic problem with guidelines: they tend to become riddled by exceptions. Indeed, last week the Administration ruled that because of the soaring cost of maintaining fringe benefits like health insurance, the total price of some labor packages could exceed 7%.

At the same time, the Administration tightened the rules on how much companies could raise profit margins by boosting prices and set a guideline of 6.5% on increases in the fees charged by doctors, lawyers, accountants and other professionals. These changes further complicated a system already complex enough to be spelled out in algebraic equations that will send union and corporate bosses back to their old math textbooks.

The more basic fiscal-monetary restraints can be faulted too. Even a \$30 billion deficit in fiscal 1980 would be excessive for an inflationary period, and there is no assurance that the Federal Reserve has yet got the money supply under control. The danger is that when the economy slows down, the President, Congress and the Federal Reserve will be tempted to pump up spending and the money supply too much, too soon in an effort to create jobs. That would destroy what must be a long-term effort. Miller figures that five to eight years of budgetary and money-supply restraint will be needed before inflation can be brought down to an acceptable rate, which to him is 2%.

The political pressures to switch policy again will be intense. At the Democrats' mid-term convention two weeks ago, 39% of the delegates voted for a resolution deploring cuts in social programs. Carter got only mild applause; Senator Edward Kennedy, denouncing the Administration's reluctance to start national health insurance, drew loud cheers.

Mondale, converted at last to the anti-inflation cause, shot back that runaway price boosts could damage the Democrats now as badly as the Viet Nam War did in the 1960s. Surely the political, as well as economic, penalties of inflation have become intolerable. Says Republican Economist Greenspan: "If Carter runs for re-election in 1980 with a 5.8% unemployment rate or even less, but with an inflation rate over 8%, he has a very minor chance; with an inflation rate over 10%, he has virtually no chance. But if he is successful in bringing the budget deficit and inflation down to relatively modest levels, then even with an unemployment rate of 7.5% he would be unbeatable."

The popular revolution of 1978 carries a message for policymakers in 1979, and on beyond. Since far more people are victimized by inflation than by recession, power will flow to the leaders who can successfully wage the price fight. ■



McIntyre (right) pondering HEW programs with Cutter and Deputy Director John White

Budget Bashing at the OMB

The cuts are more in butter than in guns

No one ever said that cutting the budget would be easy, but for one top staffer at the Office of Management and Budget it has become a real nightmare. When W. Bowman Cutter, the aptly named Associate Director of OMB, drifts off to sleep these nights, his dreams run regularly to visions of hands that keep grabbing at him from all directions. The symbolism is plain: the hands belong to various interest groups that are desperately appealing to be exempted from budget cutbacks. Less than a month remains before Jimmy Carter presents to Congress his spending program for fiscal 1980, and Cutter and his OMB colleagues are locked in a furious struggle with almost the entire federal bureaucracy. The goal is to pare spending requests and put together a budget that will not exceed the \$30 billion deficit that Carter has pledged. Congress is in a cutting mood, but may change its mind when specific sacrosanct programs come up for the ax.

Each of the budget's 3,000 spending programs—from the beekeepers' indemnity fund to the space shuttle—has its defenders in Congress, and even the most seemingly inconsequential of cutbacks will inspire protests. OMB is recommending, for example, that the U.S. Travel Service, set up under John Kennedy to lure foreign tourists, be scrapped completely. The saving would be only \$14 million, and the travel industry is already lobbying against the cut. The budget bashers have also cut 1,100 men from a Justice Department request for 14,000 border-patrol officers to intercept illegal immigrants from Mexico. Organized labor is expected to fight the recommendation on the theory that more border guards will mean fewer U.S. jobs lost to foreigners. OMB is pro-

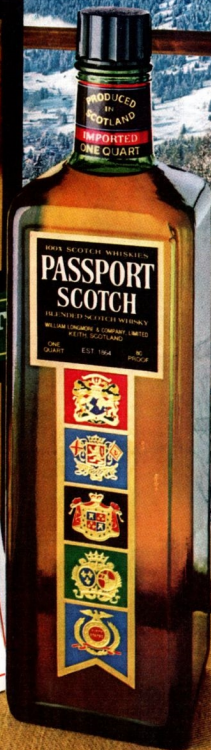
posing to chop the Energy Department budget from \$10.5 billion to \$8.8 billion. The cuts would reduce research into alternative energy sources and the rate at which the U.S. builds up its strategic oil reserve.

The biggest battles will rage over defense and social welfare spending. Together, the Pentagon and Health, Education and Welfare take about 60% of the budget. OMB is recommending defense spending of \$122 billion, an increase of just under 9% from current levels and therefore not enough to offset inflation, which has been running at 9½%. A defense budget of that size would not honor Carter's NATO pledge of last spring to increase U.S. defense expenditures by 3% above inflation. Last week, however, Carter repeated that promise, suggesting that he could end up overruling the recommendation of his own budget advisers when he meets this week with Defense Secretary Harold Brown for an intensive look at fiscal 1980 military spending.

OMB recommends holding HEW's spending to some \$195 billion next year. That would be an 8% rise and has brought a strong protest from HEW Secretary Joseph Califano about cuts in or alterations to 115 separate items in his thick spending request.

Among the most controversial of the changes is OMB's recommendation for a 26% cut in this year's \$10.8 billion in spending for public jobs—the so-called CETA program. By one Administration estimate, such a reduction could add more than 312,000 people to the nation's unemployment rolls and would be widely condemned by labor and its congressional allies.

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Economy & Business

It is already clear that OMB's recommendations are an important departure from previous Administration policy. With its proposed ceiling of \$532 billion in spending, the fiscal 1980 budget will rise only about 8%, or less than the inflation rate. Thus the budget for fiscal 1980 looks much more like a "lean and tight" spending program than did the bloated one Carter produced last January. Next year's budget is already a success for OMB Boss James McIntyre, who came to the job last winter as a fill-in replacement for the fallen Bert Lance, and only recently seems to have taken effective hold of his department. Staffers detect a new crispness in McIntyre's decisions and report that he often backs up his rulings by saying: "I'm holding firm on that—let him take it [on appeal] to the President."

Unfortunately, budget trimming by OMB seems small when weighed against the remorseless growth of federal expenditures that are mandated by law. Such "entitlement programs" as Social Security, Medicare and federal pensions account for nearly two-thirds of the budget, and in HEW they claim 89% of every dollar. Social Security alone costs \$104 billion. Unless the growth of benefits is slowed, the whole Social Security system—as well as the budget—will be in deep trouble. Says Alice Rivlin, director of the Congressional Budget Office: "If you're really concerned about the growth in Government, then you have to go after the uncontrollables." Adds Rudolph Penner, a former economist at OMB under Gerald Ford: "Cutting \$30 million here or \$100 million there is the approach one is forced to take unless you tackle the entitlement programs."

So far the Administration's assault on the entitlements has been weak and equivocal. One idea that deserves more attention than it is getting is Califano's hospital cost containment bill, which would curb Medicare expenditures by prohibiting hospitals from raising costs by more than 9% a year. Perhaps an even better approach is Economist Penner's suggestion to have the program's recipients pick up a portion of their hospital and doctors' fees. This would not only cut expenditures but also discourage recipients from rushing to the doctor for every sneeze and sniffle. The whole concept of linking federal pensions to the rise in inflation should also be re-examined. Another worthy idea for curbing entitlements is to reduce sharply the impact aid program, a Government pork barrel that provides nearly \$1 billion annually in tax dollars to school districts, no matter how wealthy they are. If Washington is not willing to re-evaluate these open-ended commitments, the day must come when the entire budget will consist of so-called uncontrollable spending obligations. When that happens, the task of cutting the bloat will be tougher than ever. ■

Bids Rigged

Two companies cop a plea

Like the oil industry as a whole, the multibillion-dollar business of building offshore drilling platforms and pipelines is a highly profitable, as well as risky venture in which many dwarfs live in the shadow of a handful of titans. Of them all, the two largest are J. Ray McDermott & Co. of New Orleans (1977 sales: \$1.3 billion) and Houston's Brown & Root Inc. (\$1 billion).

For the past two years, a federal grand jury in New Orleans has been investigating just how it could be that the two firms, which together control some 75% of the world market for offshore drill rigs, maintain their lopsided shares even though the business has been going through an unprecedented boom. Last week the grand jury handed down an eleven-count indictment



Foster Parker



Charles Graves

Suicide, scandal in a risky enterprise.

ment charging the companies and seven of their high executives with conspiring to rig bids for contracts. Their aim, said the indictment, was to guarantee that one or the other of the companies would always be the lowest bidder on a job—whether it be building a platform in the North Sea or, as J. Ray McDermott lately has done for Shell Oil in the Gulf of Mexico, constructing and installing a \$275 million rig that from the ocean floor stands 15 ft. taller than the Empire State Building.

The companies in effect admitted guilt by pleading "no contest" in a New Orleans federal district court. They were promptly socked with fines of \$1 million each, the largest penalties ever levied in a federal price-fixing case. The indicted executives include Charles Graves, 62, the soft-spoken chairman of McDermott; Robert Richie, 47, McDermott's president; three top vice presidents of Brown & Root Inc. and two vice presidents of McDermott. Each faces charges of antitrust violations as well as additional allegations of mail fraud. If convicted on the antitrust indictments, the men will be subject to maximum three-year

prison terms and \$100,000 fines each.

Just two weeks after the grand jury began its investigation in January 1977, Foster Parker, a prominent Houstonian who was then Brown & Root's president, committed suicide. Earlier this year, McDermott & Co. was fined nearly \$1 million for a whole range of offenses, including making illegal campaign contributions and offering kickback bribes to a former top executive at Tenneco.

Will the indictments break the two companies' hold on the industry? Houston oilmen have their doubts. Says the president of a competing firm: "This won't change a thing. They're too powerful, too well entrenched." ■

Wooring National

Eastern makes a pitch

Having once dressed up its image with an anthropomorphic ad campaign ("I'm Cheryl, Fly me"), National Airlines now has suitors buzzing all around. Object: merger or acquisition. Little Texas International has bought 23% of National's stock. Mighty Pan Am has acquired 24% and wants much more. Last week Eastern Air Lines Chairman Frank Borman, the ex-astronaut, said his line would bid \$50 a share for the stock, or \$9 more than Pan Am's offer. So intense has been the wooing that National Chairman Lewin ("Bud") Maytag, 52, collapsed from exhaustion and briefly entered a Colorado hospital to convalesce.

Everybody wants National because of its fleet. Eastern had to pay \$778 million for 19 modern European Airbus jumbos; buying all of National's shares would give Eastern 55 modern jets for \$427 million. U.S. airlines are suffering from a severe equipment shortage, forcing them to jam more and more seats into available cabins. Deregulation is aggravating the shortage because many new, small airlines are being formed, and fare cuts are luring ever more passengers into the air.

Though Borman swears he is serious about the bid, airmen gossip that Eastern is merely trying to delay the merger between National, its competitor, and Pan Am. Civil Aeronautics Board staffers are said to favor a Pan Am-National combination because it would join two non-duplicating route systems. An Eastern merger makes far less sense because the purpose of deregulation, to stimulate competition in the industry, would be frustrated if National were removed as a competitor on 19% of Eastern's routes.

It is by no means certain that Pan Am will win, though Maytag was urging National's stockholders to vote in favor of a Pan Am merger. Another possible bidder is circling overhead. Northwest Orient Chairman Donald Nyrop dined last month at "21" Club, the Manhattan saloon, and discussed a merger with none other than National's Bud Maytag. ■

Behavior

Trouble in an Affluent Suburb

Teen-age suicides galvanize a New Jersey community

Hours after the burial of Jeffrey Hunter, 16, four of his classmates at Ridgewood High School sat talking about the death. Why had Hunter hanged himself? Suddenly, Christopher Mathieson, also 16, rose, said he had something to do and sped home on his moped. Sensing trouble, the other students ran to Mathieson's house. They found him hanging in a stairway closet.

Jeff and Chris are the third and fourth Ridgewood, N.J., youngsters to die by their own hands in the past 18 months. The suicides sent shock waves through the affluent suburb (pop. 27,500), only

and his staff convened all 107 high school teachers at 7:15 a.m. and urged them to break the news to small groups of students during homeroom periods. "We decided not to interrupt school routine in any way," he said. During the day, the school's seven guidance counselors, joined by 15 Ridgewood clergymen, set up desks around the high school, offering counseling to any students who wanted it.

Nearly half of the 1,600 high school students immediately asked for help. Says School Psychologist Abe Matus, who saw 50 youngsters: "There was a sense of helplessness and anger at the dead

Many school and community leaders think that extensive press coverage of the Jonestown massacre may have played a role in the deaths. Others see a deeper malaise. They talk of a workaholic climate in Ridgewood's school system, which sends 80% of its graduates on to college, many to first-rank universities. "The pressures are high," says Richard Roukema, chief of psychiatry at Ridgewood's Valley Hospital. "You add to that a high divorce rate and a high number of dead marriages, and you see a lot of youngsters in isolation, not relating to their parents."

The Rev. Steve Boehlke, 30, director of youth fellowship at Ridgewood's West Side Presbyterian Church, agrees. "These kids feel they have to look out for themselves because no one else will. It's a very lonely experience." To break through that psychological barrier, Boehlke is forming a new group, a fellowship of adult church members who want to learn how to relate to their children. Eighty parents came to the first meeting.

Parental Line

Same old birds and bees

In this era of sexual emancipation are parents as uptight as of yore in discussing sex with their kids? Yes, indeed. That at least was the word last week from a Kinsey-type study called *Family Life and Sexual Learning*, prepared by the Project on Human Sexual Development. The researchers spent three years probing the attitudes of 1,400 mostly young Cleveland parents and concluded that they are as reticent in talking about sex as their parents were. The report's highlights:

- ▶ Some 85% to 95% of parents say they have never mentioned any aspect of erotic behavior or its consequences to their offspring.
- ▶ Parents who do talk about sex with their children think that one chat is enough.
- ▶ Parents worry about masturbation, especially fathers because they fear that it will lead their sons to homosexuality.
- ▶ Blacks have almost exactly the same views on sex education as whites, except that they are more likely to bring the subject up with their youngsters.
- ▶ Both mothers and fathers are about twice as likely to approve premarital sex for sons as for daughters.

Conclude the researchers: "In word and action, the Cleveland parents generally seem to be repeating a pattern set before them by their parents that includes little, if any, verbal communication about sexuality." Emancipation or not, it's apparently the same old birds and bees.



Students chatting outside Ridgewood High School after deaths of two teen-agers

The angry question was: "How could they do this to me?"

20 miles from Manhattan. Students cried unashamedly in school halls and embraced each other. A school official broke down during an interview. Bewildered parents repeatedly asked, "Why is it happening here?"

Actually, the deaths could have happened almost anywhere in the U.S., where the rate of suicides among teen-agers has been rising in recent years. But what distinguishes Ridgewood is the community's spirited reaction to its tragedy. Immediately after the news of Mathieson's death, school officials worked through the night to map a strategy for dealing with the crisis. School Superintendent Samuel Stewart realized that he had two options: he could react dramatically to the community's grief by canceling classes, holding a school assembly or undertaking some other large new program, or he could underplay the deaths for fear that such public activity might trigger more suicides.

Taking the muted approach, Stewart

boys—"How could they do this to me?" But Matus feels that the healing process has already taken hold. "If a kid is in trouble, word now gets back to us. A lot of trust between faculty and students has been built up." Many of the youngsters seemed to need assurance that they would not kill themselves. Says School Social Worker Robert Klopfer: "Even though they had no real intention of committing such an act, the boundaries between thoughts and actions are blurred under such circumstances. Many kids were frightened."

Officials are attempting a "psychological autopsy" of the two dead youths, since, on the surface, there seems no satisfying explanation for the suicides. Mathieson was a moody loner, some of whose troubles were known to school counselors. Hunter's suicide was more baffling: a gregarious athlete, he seemed to be happy and functioning well. Though they knew each other, the boys were not close friends.

Medicine

A Russian Cure?

Help for a paralyzed Yank

It was the second quarter of a football game between Texas Christian University and the University of Alabama. Already behind 14-0, the underdog Texans gave the ball to their junior tailback, Kent Waldrep, 20. Sweeping around the right end, he quickly ran into the Crimson Tide's crushing defense. As two players tried to push him out of bounds on the Alabama 40-yd. line, a third crashed into his legs from behind. Waldrep was hit so hard he flipped over and landed head-first. Texas went on to lose, 41-3. But for Waldrep that game in 1974 was an even more devastating defeat. He was paralyzed from the neck down.

In the fall, Waldrep crushed his fifth vertebra and bruised the spinal cord. At Birmingham's University Hospital, doctors were able to rebuild the damaged vertebra with a segment from his hip bone, and after intensive physical therapy Waldrep regained some use of his hands, arms and upper body. But he remained immobile from the waist down.

Refusing to accept a life sentence to the wheelchair, Waldrep began investigating an experimental and disputed Soviet treatment being used at Leningrad's Polenov Neurosurgery Research Institute. Helped by the intervention of Texas Congressman Jim Wright, the House majority leader, and contributions of nearly \$15,000 from a T.C.U. fund raiser and his home-town folks in Grand Prairie, Texas, Waldrep arrived in Leningrad last

October. He was the second American sports figure among the nation's estimated 200,000 spine-injured patients to make that pilgrimage this year. (The other was Race-Car Driver Bob Hurt, who suffered spinal injuries in a crash at Indianapolis in 1968.) Last week, after six weeks of treatment, an ebullient Waldrep returned home to Texas with an increased sense of feeling in his legs and feet. More important, aided by braces, boots and a walker, he is able to stand and, he said, even "walk."

Waldrep ascribed his improvement entirely to the Soviet doctors and therapists, whom he found much more compassionate than American physicians. Said he: "You couldn't get a tear out of a doctor here even if you stuck an onion in his face." As Waldrep described it, his Leningrad regimen involved strenuous physiotherapy (weight lifting, massages, etc.), five-day-a-week sessions in a high-pressure oxygen chamber and, most controversial, daily muscle injections of a tissue-softening enzyme called hyaluronidase. The Soviet rationale for its use: it can prevent and break down scar tissue around damaged spines, thereby presumably encouraging regrowth of healthy nerve fibers and restoring at least some of the cord's ability to transmit nerve signals.

Its use is based on the work of Soviet Physiologist Levon A. Matinyan, who claims to have regenerated severed spinal cords in rats. If he has, he is the first to have done it, and many American spinal experts are openly skeptical of Matinyan's report. Still, the National Institute of Neurological and Communicative Disorders and Stroke was sufficiently intrigued to invite Matinyan and the Polenov's director, Veniamin U. Ugrumov, to the U.S. in 1976. American researchers are trying to duplicate the rat experiment, but Dr. Murray Goldstein, NINCDS's deputy director, says that preliminary results are disappointing. In Leningrad, Ugrumov acknowledged that the treatment is "complex" and involves a number of factors besides the enzyme, including psychological ones. In Waldrep's case, he added, "all that combined to produce the result: the immobile patient has regained ability to move by use of his back muscles."

Goldstein, for his part, thinks that much of the improvement results not from any basic change in the spinal cord's condition, but from the Soviets' strenuous physiotherapy. Says he: "Braces and boots support the body's weight and keep it upright while the walker is pushed ahead. Then the arms support the body as the legs swing forward. It's not walking. And if the strength in the arms and upper body is not kept up through continued intense rehabilitation, then it's back to the wheelchair." Sadly, he adds, for most paraplegics who try such methods, that is exactly what happens.



Nobel Laureate Yalow and friend

Yalow's Lament

Chimera of a cure

Coveted though they may be, Nobel prizes can be mixed blessings to scientists. At every turn, the winners are besieged with demands to make speeches, grant interviews and perform myriad chores that leave precious little time for research. Even worse, an awed public often takes their statements with almost oracular seriousness. So says Rosalyn Yalow, the 1977 Nobel laureate in medicine, who concludes that the most prized policy for a laureate may sometimes be silence.

At a scientific meeting in Los Angeles last month, Yalow described some recent work with lab animals. Using the radioimmunoassay techniques for which she won her prize, she and a co-worker at The Bronx, N.Y., Veterans Administration Hospital found a possible link between obesity and the shortage of a brain chemical. Grossly fat mice seemed to have smaller amounts of the hormone cholecystokinin than their skinnier littermates. In other words, the hormone may be suppressing rodent appetites. Tentative though those findings were, Yalow discussed them with the press. She has been uncomfortable ever since.

The published accounts stressed that the work involved only lab animals and that if there were any implications at all for humans, it was not for ordinary fatties but for the grossly obese. Still, Yalow was inundated with a hundred letters asking for help that she clearly could not give. So Yalow has decided, for now, that mum's the word about obesity hormones. Says she: "The story's gone too far already and given a lot of desperate people a very false sense of hope."



Kent Waldrep back in Texas


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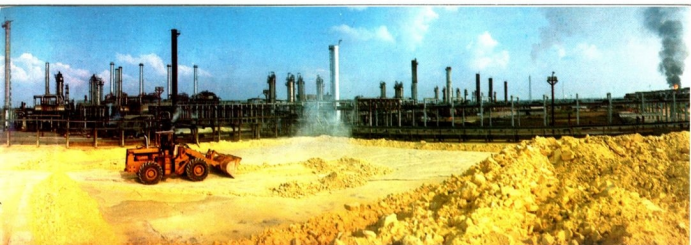
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At a "sweetening" plant in Chiapas state, sulfur is removed from natural gas, bulldozed into piles and later sold

Energy

Mexico Joins Oil's Big Leagues

A time for creative diplomacy to ease worries about the national patrimony

Like a scene from Dante, the night sky south of Villahermosa is filled with a fiery glow. It comes from great gouts of flame that flare off natural gas from scores of wells dotting the steamy marshes, scrubs and jungles of the aptly named state of Tabasco in southeast Mexico. Every day, 300 million cu. ft. of gas, enough to supply the energy needs of Vermont for a month, are simply burned off, in part, because the U.S. Government refuses to pay the price that Mexico demands. The huge gas supply and the appalling waste are symbolic of the future promise and present uncertainty of Mexico's growing oil and gas discoveries, findings that are propelling the poor but potentially mighty neighbor across the river into the world of petropower and intrigue.

Interest in Mexico's energy wealth reached fever pitch last month, when Pemex, the government monopoly, revealed the latest strike in the Chicotepec field near the Gulf Coast city of Tampico. Pemex Chief Jorge Diaz Serrano estimated that the field would double the country's potential reserves of oil and gas to more than 200 billion bbl.

In the dizzying realm of oil statistics, that rough estimate requires major qualification. Reserves are measured in three ways: proven, probable and potential. Unlike other countries, Mexico further complicates matters by lumping oil and gas together; about two-thirds are oil, one-third gas. The government figures its proven reserves—oil and gas that can be recovered with existing technology at current prices—at 20 billion bbl. This total is expected to be raised soon to about 30 billion bbl, which would make Mexico's known sup-

plies of oil slightly larger than those of Venezuela or Nigeria, though far smaller than Saudi Arabia's 160 billion bbl. The official reckoning of the much less certain probable reserves, which might be retrieved from fields already discovered but not fully explored or developed, is about 37 billion bbl. Potential reserve estimates, like those used for the Chicotepec field, cover all the oil that might be in the field whether or not it is recoverable.

No matter how it is gauged, all this is splendid news for Mexicans, millions of

whom live in grinding poverty. Pemex hopes to lift production from its present 1.5 million bbl. a day to 2.5 million by 1980. At the same time, it expects to triple its oil exports to 1 million bbl. a day, mainly to the U.S. (whose total imports now are 9.1 million bbl.). As a result, oil earnings are expected to hit \$8 billion annually by 1980.

The Mexican finds are significant but hardly a complete solution to future energy shortages. At best, oil from Mexico would put off the projected fuel crunch from the late 1980s to the early 1990s. But together with other potential big finds—in China, Iraq, Canada, South America, Alaska and elsewhere—the new bonanza in Mexico could enable the world to scrape by into the 21st century, by which time energy from alternative sources may be widely available.

Beset by many social and economic problems, Mexico is determined not to follow the example of some oil nouveau riche countries and use up its resources without establishing a solid industrial and agricultural base. Says Diaz Serrano: "It must be considered an absolute error for Mexicans to pin all their hopes for progress on the oil industry." Mexico's President, José López Portillo, adds: "According to our plans, toward 1980 we will reach a plateau in oil production that will enable us to export about 1 million bbl. a day. It could be more, but we believe it is prudent to enter the next century maintaining this production level."

Pemex lacks the technology, organization and capital to develop its fields quickly. Yet it remains wary of admitting multinational companies for fear of



Gas flares off rig behind shoveling worker
Symbol of promise and uncertainty.



Oil wells rear out of jungle around sleepy village south of booming Villahermosa

losing its tight grip on production. The need to control the oil flow is rooted in the almost mystical and sometimes xenophobic attachment that Mexicans have for their resources, which they regard as their national patrimony to be exploited by and for Mexicans.

Leftists particularly oppose pumping out oil rapidly to satisfy U.S. needs. On walls all over Mexico City hastily plastered up signs read: DON'T SELL OUR GAS, and MEXICO'S WEALTH FOR MEXICANS. In addition, the country's wealthy upper class wants to avoid the disruptions that would go with sudden oil-based growth. These sentiments are reinforced by the climate of anti-gringo suspicion. Early in this century, U.S. firms controlled more than half of Mexico's oil wells. Finally, by 1938 the cry "*El petróleo es nuestro*" (the oil is ours) was being raised by a growing number of Mexicans. In a burst of frenzied nationalism, the government expropriated all foreign oil holdings and kicked out the companies. To this day that action remains for Mexicans the most stirring symbol of their independence.

All the old wounds were opened last year when Pemex signed a letter of in-

tent to sell gas to six U.S. distributors at \$2.60 per thousand cu. ft. (MCF). Pemex began building a pipeline that was to stretch from Cactus in southeast Mexico to Reynosa just south of the Texas border. As the line neared completion, the U.S. Government refused to allow the companies to buy gas at the agreed price. The Department of Energy argued that the U.S. could not pay Mexico 44¢ an MCF more than it was paying Canada. Carter Administration officials also feared that Congress would never approve paying the Mexicans \$2.60 for gas, while limiting American producers to a ceiling of \$1.75, as the President initially had proposed in his energy bill. So Mexico has redirected the pipeline to stop well short of the border and expects to complete the line next year, and to use the gas in the country's own utilities, factories, homes and even city buses. The rest is being flared off.

Meanwhile, Mexico is experiencing the ecstasies and agonies of an oil boom, particularly in Villahermosa, the capital of Tabasco. Once a sleepy little river town, it gained notoriety in the early 1930s when its dictatorial governor sent out his red-shirted militia to shoot Catholic priests

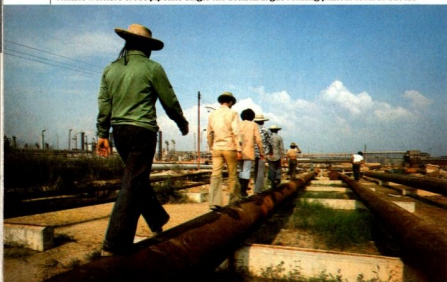
and their congregations. The town's watchwords were: "No alcohol, no churches and lights out at 9:30." Graham Greene memorialized these events in his novel *The Power and the Glory*.

Today Villahermosa is a get-rich-quick enclave in a jungle of poverty. The city's population has jumped from 150,000 to 250,000 in four years. Villahermosa has sprouted three first-class hotels, all booked solid. Highly paid oil workers have kicked up the prices of everything from housing to tortillas. Reeking of oil and money, the town is attracting the usual motley con men and drifters, losers and locos. The trucks barreling between the town and the fields rarely stop when they hit a pedestrian. About one pedestrian is killed each night, often a bewildered *campesino* still unable to grasp the rapid changes. Whores flash their gold-toothed smiles while cruising the wide boulevards, which have been newly rebuilt with pink paving stone. Rifle-toting policemen patrol the downtown banking area because, as one shopkeeper laments, "this is the season of the *rateros* [thieves], and they know this is a money town now." The better bars echo with the accents of Texas and Oklahoma, since Americans have been quietly allowed in to market equipment and technical advice. Brazilians, Frenchmen and Israelis are also eager to buy Mexico's oil and gas if Pemex does not strike a deal with the U.S.

Despite the present differences, the chances of the U.S. making a deal with Mexico are excellent if both sides use some enlightened diplomacy. The U.S. needs Mexican oil and gas to ease its dependence on the unstable Middle East. Besides, it would be much easier to pay for imports from Mexico than from Arab. Unlike the Persian Gulf states, Mexico is poor and populous. It has 66 million people now and anticipates 132 million by the end of the century—and they will need tremendous quantities of what the U.S. has to sell: farm machines, computers, technology of all kinds.

Clearly the time has come to forget the Alamo, to struggle down memories of the glorious oil nationalization and to try some creative horse trading. President Carter will journey to Mexico in mid-February to trade *abrazos* and to parley in his struggling Spanish with President López Portillo. Now that Congress has passed the energy bill and U.S. natural gas prices will rise in January, Carter can comfortably sweeten the price for Pemex gas. In order to encourage Mexico's struggling agriculture and industry, and to relieve its population pressures, he would do well to promise higher economic aid, lower trade barriers on imports of Mexican textiles and produce, and a reversal of present moves toward stringent immigration controls. Above all, the U.S. must be willing to deal with its neighbor as an equal. Only then will the fiercely proud Mexicans soften their suspicion of the northern colossus and join in a partnership that will benefit both sides. ■

Nimble workers cross pipeline single file at natural gas refining plant in town of Cactus



John deButts, when did you start reading The Wall Street Journal?

"I can tell you when I knew I *had* to start reading it every day," says John D. deButts, Chairman and Chief Executive Officer at AT&T. "It was in Richmond in 1952. I'd just been put in charge of all the business offices of the C&P Telephone Company. And, believe me, in that job I *had* to know what was going on in business every day."

John deButts has been reading The Wall Street Journal regularly ever since. It's a habit John deButts doesn't plan to break — even after he retires from AT&T in February.

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Sport

His Own Worst Enemy

Tennis Phenom McEnroe has only one weakness: a temper

The lefthander was still feeling his way through the first set, playing well but not brilliantly with the deft, almost effortless touch that is the trademark of his game, when suddenly it happened, and in an instant, there he was again—Peck's bad boy of tennis. After blowing a key shot, John McEnroe hurled his racket. The offending piece of equipment landed at the feet of McEnroe's surprised opponent, Ilie Nastase, the acknowledged prince of the tennis temper tantrum.

Whether his shots were dropping for winners or thudding into the net, McEnroe continued to pout his way through the match, projecting the air of a sullen young man seething with resentment at a world arrayed against him. He once demanded of Umpire Mike Blanchard, 71: "Did you see that one? Can you see that far, Mike?" Smirking broadly, Nastase cleverly exploited the situation. At one point he waited for the crowd to stop booing McEnroe, then declared: "He's only 19."

Game, set and match for Nastase in the contest of theatrics, but unfortunately for the dashing vulgarian, they were playing tennis with a ball last week in the sultry heat of Montego Bay, Jamaica. And McEnroe, once he settled down, was magnificent, defeating Nastase in three sets, his first tournament victory over the old campaigner. For his two hours of work at the World Championship Tennis Challenge Cup, McEnroe earned \$10,000, raising his earnings to over \$200,000 since he dropped out of Stanford University just six months ago, gave up washing his own socks and turned pro with a vengeance.

The money, and the hours, would be hard to beat, but McEnroe had other good reasons to be pleased. On the previous weekend, his temper well under control, he had led the U.S. team to victory over the British in the Davis Cup matches in Rancho Mirage, Calif., winning two singles without losing a set and overwhelming Buster Mottram in the key contest. No one in the 68 years of competition for the Cup had ever taken two singles matches so decisively in the finals. The win was the first in six years for the American team, which has been shunned by top pros, such as Jimmy Connors, who prefer to play elsewhere. (The Cup pays only \$2,000, plus expenses.) But McEnroe thoroughly enjoyed the role of patriot athlete. "When you see your flag and they play your national anthem, it's a little different," he says. And McEnroe also liked the sensation of contributing to a team victory: "That's really a nice feeling. There's not really that much of that

kind of thing in tennis any more."

There sure isn't. The game is dominated by strong-willed individualists, led by the fiery Connors, 26, and the icy Bjorn Borg, 22, his great Swedish rival, who compete in a series of tournaments round the world for big money that is getting bigger all the time. Borg has earned \$661,000, Connors \$519,000 and Vitas Gerulaitis \$425,000 to date this year.

What is surprising is that McEnroe has come so far so fast matched against such opposition. He has beaten the likes of Roscoe Tanner, Adriano Panatta, Eddie Dibbs and Corrado Barazzutti and on one glorious occasion even managed to knock off Borg, 6-3, 6-4, in Stockholm, of all places. Still, quite understandably, McEnroe has a long way to go before he can be ranked with Borg. Or Connors, whom he has never beaten and who destroyed him in the semifinals of last September's

U.S. Open. McEnroe likes to have some fun paraphrasing what Connors used to intone about hunting down Borg: "I will follow him to the ends of the earth."

Son of a successful Manhattan lawyer, McEnroe played plenty of tennis as a boy, but he was not raised in the kind of hothouse, year-round pressure to succeed that produced Connors or Chris Evert. He even went out for soccer at school. Yet tennis was obviously his game—that touch was always there, that feel for the ball that cannot be taught—and he made a superbly dramatic entrance to the big time: gaining the semifinals at Wimbledon in 1977 at the age of 18, the youngest male ever to do so, before losing to Connors.

For all his sudden success, he had his pout even then, and his tendency to pop off. McEnroe on Paris: "It would be a nice place if you took all the people out of the city." McEnroe on London: "I would go sightseeing but I don't think there's much to see in this place." But beneath the brashness and the bravado there seemed to be a nice kid struggling to get out. There still does. At Montego Bay last week, fans interrupted McEnroe regularly off court to get his autograph and his response was often downright embarrassment. He rarely said thank you to those who congratulated him, not because he is insensitive but because he is shy and still does not know how to handle fame.

Lamar Hunt, the soft-spoken Texas mogul behind the pros' World Championship Tennis, feels that McEnroe's rudeness on court is really his way of goading himself on, a theory that the subject confirms. But the technique sometimes works against him. After beating Nastase last week, McEnroe faced Peter Fleming, who is ranked only 27th. And although Fleming is his best friend on the circuit, McEnroe nearly picked a fight during the match, lost his concentration and was whipped in three sets.

The old pros laud McEnroe's ability to disguise his shots and alter his style. Predicts Borg: "He's going to be one of the most dangerous players next year." But there remains that worry about the rookie's uncertain temper. "He needs to learn some humor," advises Nastase, McEnroe, who has been told to straighten up by his father, realizes his shortcomings. "I'm still in the process of learning, of trying to forget about the spectators and the linesmen," he says. "I do want to change."

The southpaw with the curly brown hair, the baby face and the marvelously balanced game will have to if he is to realize the potential so evidently there. ■



McEnroe attacking in the Davis Cup

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As his wife Inge snaps away, Arthur Miller poses with a Chinese playwright and the members of the Peking People's Art Theater

People

"They are like people coming out of a dream, blinking in the light," says Playwright **Arthur Miller** of the artists, film makers and writers he has been interviewing in China. The author of *Death of a Salesman* spent a month gathering material for a book, *Chinese Encounters*, a joint venture with his photographer wife **Inge Morath**. "I found them remote and totally cut off," Miller said of his subjects. Until the government's recent liberalizing trend, they were "sequestered on farms feeding pigs." Although none of the Chinese Miller met knew of his work, there were some recollections of an earlier era. "They wanted to know a lot about people like Clark Gable and Charles

Laughton," said Miller. "And Rita Hayworth."

Sacked from the baseball diamond, former Yankee Manager **Billy Martin** has turned businessman square. Well, not too square. A lover of Western boots and country music ever since his Oklahoma-born buddy **Mickey Mantle** introduced him to them, Martin plans to open a chain of Western boutiques. The specialty: boots. His first shop, Billy Martin's Western Wear Inc., opened last week in Manhattan, and Mantle, **Whitey Ford** and **Phil Rizzuto** stopped by to check out the fancy footwear. "It's just a sideline," cautioned Martin, who has a com-



Blakely and Percy on the set

mitment to manage the Yankees again in 1980. To keep in touch, he has roped in all the Yankees to come to a social at the store next month and has even issued a welcome, pardners, to the Mets.

Lucie Arnaz is a chip off the old carrottop. The daughter of **Lucille Ball** and **Desi Arnaz**, Lucie, 27, graduated from playing her mother's daughter on Ball's TV show *Here's Lucy* to leads onstage and in films. She has also published some song lyrics and seemed the natural choice to play the lyricist to Actor **Robert Klein**'s songwriter in **Neil Simon**'s new play, *They're Playing Our Song*. So Simon said after trying out 300 other actresses for the role. The critics agreed when the comedy opened a pre-Broadway run in Los Angeles. Mother agreed too. Said Ball: "It's very proud-making. I enjoyed it so much I'm going back for a second performance." She has asked for tickets for a third too.

Scene 1: Hollywood actress takes the Concorde to Paris, where she will make a movie called, of all things, *Airport 79*, the *Concorde*. On the flight, she chats with a handsome Republican Senator from Illinois going to Europe to evaluate the reaction to President Carter's energy policy. Scene 2: On a boat trip on the Seine the next day, the Senator and his wife pass by the film location. He is hailed and invited to be interviewed by his friend from the plane, who plays a TV anchorman in the movie. Ending: Senator **Charles Percy** winds up getting a cameo in *Airport 79* ("It's about time we bite the bullet," says he), and Actress **Susan Blakely** has a new associate in Washington.



Rizzuto, Martin, Ford and Mantle whoop it up at Billy's boutique

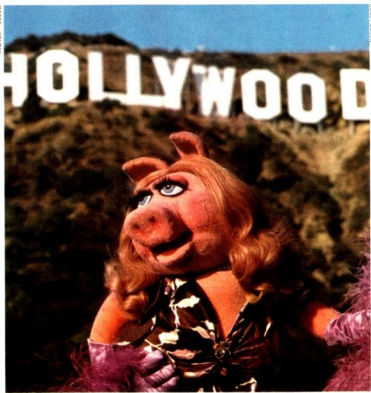


Ball and daughter backstage

Show Business



Director Kermit is ready for action on the set



Miss Piggy, every circumferential inch a star, poses in tinseltown

Those Marvelous Muppets

How Kermit, Miss Piggy & Co. captivate 235 million people a week

Stop giggling and pay attention, because we are going to discuss what may be the only adult show on television. Children may stay in the room if they do not squeal excessively. Now then: What is small and green and surrounded by confusion, and is applauded each week by more people than there are in the entire U.S.?

No, not the wobbling dollar, but a more cheerful and indeed more bankable asset: Kermit the Frog. He is the gallant and slightly desperate master of ceremonies of a weekly eruption called *The Muppet Show*, which in its third season on the air has become what is almost certainly the most popular television entertainment now being produced on earth. The Muppet series is seen by at least 235 million people in 106 countries. Those who have not met Kermit will ask, in thank-you-not-today tones, "A frog?" And they will ask, "Adult?" The answer to the first question is a confident yes, and the answer to the second is a ringing yes, but...



Crazy Harry sets off his special effects

A phenomenon has been observed: children trap their parents in front of the terrible tube and force them to watch the Muppets. The parents become habituated, and thenceforth on Muppet night somewhat sheepishly remind the children to close their calculus textbooks and turn on the set. In the last stage of addiction, the parents are sleepless and do not require the presence of child stooges.

The air is full of Muppet stories. One is told by Lew Grade, the English entertainment mogul, who says that some months ago, he flew to Paris to persuade Sophia Loren to appear in one of his films. He had exactly an hour for the conference, so he launched directly into his serenade, enumerating the reasons why Sophia alone could make his project take wing. Soon he noticed that she was paying only the faintest attention. Eventually the great actress explained: It was the Muppet hour, and she absolutely must see them. A blow to his ego, admitted Lord Grade with a shrug of his cigar.



Fozzie Bear helps out by peering back through the lens as Rowlf the Dog, better known as a pianist, tries to frame a *Muppet Movie* shot.

though not an unendurable blow, since Grade's ACC organization finances *The Muppet Show*. (Grade, who is short, bald and whimsical, by no coincidence strongly resembles Dr. Bunsen Honeydew, the mad scientist of the Muppets.)

For those who have been out of touch with this aspect of reality, what, exactly, is a Muppet? The word was coined from "marionette" and "puppet," says Jim Henson, 42, the skinny, bearded Zeus from whose brow the creatures began to spring 20-odd years ago, when he was a teen-ager hooked on television. He is the rarest of creatures in the imitative and adaptive world of entertainment, an originator. His brilliant central perception was that puppets could throw away the Punch and Judy box that had confined them for centuries and let the television set be their stage. The camera demanded the use of closeups, and abruptly the old single-expression puppet was obsolete. The Muppets were new, and they were pure television creatures. Today they are the stars of *Sesame Street*, as well as of Henson's global hit *The Muppet Show*.

Like other geniuses, Henson is a sly fellow whose sound artistic instinct is to resist critical analysis. If you peel art away, layer after layer, what you have at the end is all peelings and no onion. For years Henson, who plays Kermit, insisted that the character was not a frog but "a froglike creature." Peel that, you peelers. Now he backtracks and says that "muppet" was simply a word that sounded good to him. The sound combination of puppet and marionette is merely an explanation that happens to sound logical.

Logic peeling aside, a Muppet is (most of the time but not always) a largish arm puppet, whose body contains the arm and whose head surrounds the hand of its operator. When the operator's thumb and fingers come together, the Muppet's mouth closes; when thumb and fingers separate, the mouth opens. If the Mup-



Statler and Waldorf adrift in the desert

A camel named Sopwith is normal.

pet's face is pliable, as Kermit's is—he is not much more than a green felt sock that fits over a human hand, with a wide pink split for the mouth and what look like glued-on halves of Ping Pong balls for eyes—the clenchings and wriggings of the operator's fist can change the expression with considerable subtlety. Not simply smiles, but wistful smiles are possible. If the face is relatively stiff, like that of Kermit's formidable friend Miss Piggy her

head is carved from a block of plastic insulating foam), then, although a certain degree of meaningful nose crinkling is possible, expressiveness is largely an illusion created by body movement and voice. In either case, the puppeteer can synchronize the figure's lip movements to its speech, a technique Henson originated early in his career. Muppet jaws do not move with each syllable—that would make bigmouthed figures look too agitated—and it takes long practice to learn the knack of mouthing the important syllables of a sentence.

An observation made with some regularity is that Kermit the Frog is the Mickey Mouse of the 1970s, and that Jim Henson's firm, Henson Associates—known somewhat alarmingly as HA!—will become the Disney organization of what remains of the 20th century. Maybe so: the Muppets have just finished making an \$8 million film in Hollywood, called *The Muppet Movie*, which chronicles their journey from the bookends to show business glory. Another film is under discussion: an astonishing variety of Muppet toys and other artifacts, including arm puppets, fills the stores; a theme amusement park of the Disneyland sort has been talked of; Muppets have been visible in TV commercials and in guest appearances on such varied offerings as the old *Ed Sullivan Show* and the current *Saturday Night Live*. This week an hour-long TV special, *Emmet Otter's Jug Band Christmas*, is on view in the U.S. And, of course, the Muppets Bert and Ernie, Oscar the Grouch, who lives in a garbage can, and the renowned Big Bird, who is 8 ft. tall and has not just an arm but an entire person inside him, have presided over *Sesame Street* since that wonderfully imaginative children's show began ten years ago.

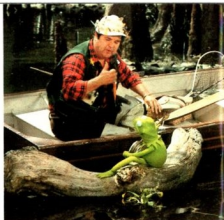
The most convincing reason for taking notice of the Muppets, however, is that



Carol Kane, Kermit, Telly Savalas



Elliott Gould smooches with Miss Piggy



Dom DeLuise and Kermit, deep in a swamp

they are funny. In fact, with *Laugh-In* long gone, theirs is, give or take *Saturday Night Live*, the funniest show on television. This year the Muppets won an Emmy Award as TV's "outstanding comedy, variety or musical series." A gentle but consistent satirical breeze blows through *The Muppet Show* and saves Jim Henson's creatures from the grisly danger of being too lovable. Mostly the satire turns inward, joshing show business (the assumption that frames the series is that the Muppets are members of a theatrical troupe, trying frantically each week to put on a variety show) and Muppet nature itself.

The *Muppet Show* opens, always, with a knock at a dressing-room door. Scooter, the company's errand boy, sticks his head inside to announce curtain time. He is a human boy caricatured, and thus is a representative of one of the show's three main species: Human Muppets are featured players: Floyd, the supremely groovy guitarist; Janice, his girlfriend; Zoot, the blue-faced sax player who has seen it all; Animal, the out-of-control drummer who must be chained to the wall; Crazy Harry, the special-effects man who is fond of explosions; the incomprehensible and meatball-brained Swedish Chef; and such peripheral loonies as Lew Zealand, manager of a boomerang fish act.

The stars are the animals: Kermit, the pure and reasonable frog; the ineffable Miss Piggy, every circumferential inch a lady; Rowlf the Dog, a philosophical pianist; Fozzie Bear, the can't-stand-up comic; and The Great Gonzo, the magnificently inferior creature whose inventors insist, despite damning evidence, that he is not a turkey. Monsters are the remaining important category of beings: such enormities as Sweetums, who is about 9 ft. tall



Fozzie and Helper Frank Oz play movie scene

and covered with a three-day growth of brownish shag, and Thog, who is a good deal bigger and still growing, lend chaos to the goings-on but don't say much. Other apparitions, such as the 7-ft. carrot with whom Gilda Radner of *Saturday Night Live* sang a duet from Gilbert and Sullivan, fit messily into miscellaneous.

Scooter's curtain-time alert is for the flesh-and-blood human being who is the weekly guest star: Raquel Welch, for instance, looking scholarly in spectacles as she practices Shakespeare. Scooter guesses that she has decided to change her image, and he says that this is fine; she doesn't need to wear any of those scanty, revealing costumes on *The Muppet Show*.

"Well, thanks, Scooter..."

Immediately, half a dozen heavy-duty monsters thrust themselves through the door to beg in plaintive unison, "Oh, please want to!" The joke works nicely, because these are Muppets, and their voyeurism is acceptable. It is the kind of gag that evokes queasiness when it is given to middle-aged bandleaders on variety shows.

After Floyd, Zoot, Rowlf, Animal and other bandmen have laid down the *Muppet Show* Song ("It's time to put on makeup! It's time to dress up right") for the big everybody-on-stage opening, Kermit gives viewers the high-blood-pressure hello, and Gonzo tries to blow a fanfare on his trumpet. It never works. Butterflies come out of the trumpet. Water comes out or the thing explodes. Each week Gonzo gives it a good try; each week a new disaster. Gonzo looks dazed but not surprised, a tiny Chaplin.

Some sort of dizzy production number generally follows. One week Eskimo folk songs were promised, and sure enough, there were Miss Piggy and the show's other pigs perched on an ice floe, dressed in



Muppeteer Jerry Nelson (right) and assistants at full gallop on Muppet TV show
All together now: "It's time to put on makeup, it's time to dress up right."

Show Business

mukluks and parkas, surrounded by igloos, walrus and snow. The song they sang was *Lullaby of Broadway* in a nice, bouncy and entirely straight version. The viewer kept waiting for the joke, thinking, "Let's see, now, Eskimos, Broadway..." The joke was that there was no joke. It was a surreal moment, and it was very funny. If you wanted to take it that way, it was a devastating comment on what we call entertainment: turn on the tube and watch Eskimos sing *Lullaby of Broadway*.

In the meantime, two old geezers named Statler and Waldorf are making scornful remarks from their box seats, and terrible things are happening backstage. Kermit works frogfully, but events conspire against him. It is payday, and in the cashbox Kermit finds only "three moths and a washer, more than we usually have." His voice is quavery, his jaw tremulous; he expected to find the moths, but the washer is a welcome plus. Kermit expects the worst, and he accepts it. As he sings now and then, "It's not easy being green." After working with such characters, Lily Tomlin, another human friend, said that the difference between playing a scene with a Muppet and with a human actor is that "when you break the scene you don't both go for coffee. It's sort of sad."

There is a wondrous Muppet workshop at HA! headquarters in Manhattan, where clever trolls build anything from a talking avocado to a dancing camel, or, more routinely, replacement figures for Fozzie Bear and Kermit (a crisis, still not entirely resolved, developed recently when the manufacturer of the green cloth of which Kermit is made went out of business). But the most critical element of what the viewer sees is not cloth or polyurethane. It is character: each of the most successful Muppets has grown, slowly and organically, from exaggerated fragments of its operator's character. Kermit is not Jim Henson, but he is a fascinating piece of Henson. He is the smartest of the Muppets, and he runs things as firmly as it is possible to run an explosion in a mattress factory. Like Henson, he is the absolute boss in all matters artistic and financial. Kermit is, in addition, a lovable, absolutely decent fellow. Henson's employees agree, with complete unanimity, that Henson is that sort of boss. He had no plan to make *The Muppet Show* M.C. a self-portrait, but when he used another puppet, Nigel the Bandleader, in the role in an early version of the show, the character did not jell, and Kermit, who had been in and out of Henson's skits for 20 years or so, got the job.

Mel Brooks, who is an impassioned Muppet fan, says that "the message they telegraph is 'The meek shall inherit the earth.'" Mostly this is true. Kermit is meek; he is thankful for each day during which the sky does not fall. Gonzo is

meek, and Rowlf tinkles the ivories with a dogged smile. Fozzie Bear is a Teddy. Except for Animal, who wrestles alligators when he is let off his chain, the only alarming character in Muppet society is Miss Piggy, she of the iron fists in the lavender gloves. "She wants everyone to treat her like a lady, and if they don't, she'll cut them in half," says Muppeteer Frank Oz, 34. He should know, since it is his right arm that wriggles Miss Piggy through her black-belt coquetties.

When *The Muppet Show* began, Miss Piggy was a nobody, a mere member of the porker chorus. In less than three years, by a dazzling combination of talent, beauty and physical violence—when batting

drove him forth with his towel askew.

"She's lusty," says Oz. He feels that at heart she is true to Kermit. "She loves that little frog. She wants her frog and her career. She's torn, like everyone else." Oz is conceded to be, after Henson, the most gifted of the Muppet performers. He taught Miss Piggy all she knows, and he plays Fozzie Bear, Animal, Sam the pompous American Eagle and, on *Sesame Street*, Bert and Cookie Monster. Holding his naked right hand in the air, Oz demonstrates the basics of Muppet acting. "You can do proud": his hand sways and struts upward. "Sad": the hand, with its closed fingers forward, as a Muppet's mouth might be, droops at the wrist and the fingers float downward. "Confusion": the hand pauses, looks one way, looks another, pauses, seems to be glancing over its shoulder.

One morning on the set of *The Muppet Movie*, Oz stood among the camera cables, waiting to do a shot with Henson/Kermit. He considered Miss Piggy's psyche: "She's had her consciousness raised, but she still likes diamonds. She's a very '50s lady, and that's part of the problem." As he talked, his hand slipped into its working position inside Miss Piggy, who was due on-camera. She twisted this way and that, looking for Kermit, eager to get on with the movie.

After a take, as Director Jim Frawley (*Kid Blue*) yelled, "Cut!" Miss Piggy patted Kermit on his little green behind. Kermit, who is not comfortable with bawdiness, swatted at her hand and jumped aside. Miss Piggy then complained teasingly about "the man who is always following me around," referring to Oz, and coyly peeked under the green flap at the bottom of Kermit's costume, exposing Jim Henson's arm. "Oh, you've got one too!" she said. It was the kind of off-camera byplay that goes on more or less constantly.

Making a full-length Muppet movie was a gamble. Could the loopy, slapdash spontaneity of the television program be sustained through a long film narration? Could Frawley frame his shots so that it would not be painfully obvious that most of the characters lacked workable feet? How would Muppets look outdoors? To settle that point, Frawley last spring took a super-8 camera to England, where the Muppets' TV show is taped, and did a test with Henson and the others in a meadow. As he was shooting, a cow wandered over to have a look at Fozzie. The results were amazingly good; the brown cow and the puppet covered with burnt-orange fake fur looked as natural together as Newman and Redford.

The shooting for the film was slow and difficult. The first scene called for the camera to swoop down on a Georgia swamp, where Kermit is discovered sitting on a log in the middle of a pond, playing a banjo. The decision had been made to try for the realism of actual photog-



Bert and Ernie, stars of TV's pioneering *Sesame Street*
The unquestioned best of a marvelous show.

her eyelashes doesn't bring surrender, she lashes out with a karate chop—she has become a star. Her finest moments now may be when she plays the ingénue role in the show's arrestingly torpid "Pigs in Space" series, a send-up that is funny because it assumes, correctly, that the viewer is very bored by astronauts. Aboard the spaceship *Swinetrek*, she is every bit as lard-witted as Captain Link Hogthrob and the sinister Dr. Strangepork, and she is greedy for her rightful attention.

She is also greedy for Kermit, and once, under the pretext of doing a wedding skit, she managed to maneuver him in front of a fully loaded preacher (he escaped the pit of matrimony by the desperate stratagem of summoning Lew Zealand, who had been hanging around backstage waiting for his lucky break, to bring on those tacky and awful boomerang fish). Miss Piggy has a wandering eye, however, and if the week's guest star happens to be a good-looking man, she latches onto him. After dancing the stirring pas de deux from *Swine Lake* with Rudolph Nureyev, she stalked the poor fellow into a steam bath and

Show Business

raphy, rather than to fake scenes with process shots. So a watertight tank was built, and into the tank went a small television camera and all 6 ft. 3 in. of Jim Henson. (Muppet performers often cannot see directly what their hands are doing or what the other Muppets are up to, but TV monitors give them a precise check on scenes as they progress.) The tank was lowered to the concrete bottom of the movie set's swamp, the log was fitted on top of it, and Kermit was perched on the log. Air was fed to Henson through a hose, and electric cables brought him Frawley's instructions and the TV picture. Divers

stood by to rescue Henson in case the tank leaked. Through a rubber sleeve at the top of the tank, Henson manipulated Kermit's head, and, using a stiff and nearly invisible black wire, made Kermit's right hand strum the banjo strings. Another Muppeteer onshore worked a radio control that allowed Kermit's left hand to do the chord changes. Now and then, between takes, someone would row over and pass a cup of iced tea down to Henson through the rubber sleeve.

The swamp scene was by no means the most complicated. The script calls for a Hollywood talent scout (played by a hu-

man actor, Dom DeLuise) who has strayed into the swamp to paddle by, discover Kermit and show him a copy of *Variety* that contains, by chance, an ad urging "all frogs who want to become rich and famous" to come to Hollywood. But down the road lurks Doc Hopper (played by Charles Durning), who wants this particular talented frog to shill for his fast-food chain, which specializes in French fried frogs' legs. Kermit encounters all of his *Muppet Show* pals and such assorted human characters as Elliott Gould, Carol Kane and Telly Savalas on his journey to Los Angeles. At one point the

The Man Behind the Frog

Jim Henson's Christmas present last year from Muppeteer Dave Goetz was a diver's weight belt, which Goetz called a "metabolic equalizer." The idea was that Henson, suitably ballasted, might slow down. That seems not to have happened; as Henson ricochets off New York on his way from Los Angeles to London, he spins out titles for the 50 or so Muppet books he has decreed: *Miss Piggy's Foolproof 14-Day Diet*, *The Swedish Chef on How to Cook a Chicken*.

His style is not frenzied—he is notably calm, in fact—but it is unusually intense. It suits a man widely deferred to as a wizard, but it would not do, say, for a renowned comic performer, a wisecracking green frog. And the curious truth about this gaunt, bearded, rather ascetic-looking craftsman, as he admits, is that "my nature is not particularly witty." He is funny only with Kermit on his arm, and the same thing seems to be true of Frank Oz and the other Muppet people.

Puppetry released something in Henson that had not been noticeable before. During his senior year at a Maryland high school, he heard that a local TV station was looking for puppeteers. He knew nothing about puppets, but television fascinated him. He and a friend sewed together a rat puppet that looked French and was called Pierre and a couple of cowboys. They were put to work on

The Junior Morning Show, which ran for three weeks and then sank without a *Variety* trace. Henson's career was moving, however, with an ease and certainty that now seem almost eerie: a nearby NBC station hired Pierre and friends to help out on a cartoon show. By this time Henson was attending the University of Maryland, where he found a course in puppeteering. One of his fellow students was a New York girl named Jane Nebel, and when Henson's TV job expanded to include an afternoon variety show, she signed on to help. By the end of the semester, they had two five-minute nighttime spots. Their star puppet was a bald-headed, poyeyed fellow named Sam. He didn't talk, but he clowned around while they played novelty records. Sometimes Sam was funny and sometimes he was dreadful, and the viewers generally didn't know the difference. Says Jane: "It was local television."

Henson and Nebel began experimenting to see what effects they could get by synchronizing mouth movements with the words of the records they played. They used TV monitors from the start, which allowed them to edit their perfor-

mances as they went along. The elements that would form the Muppet style were coming together. Only dialogue was missing, and this appeared in primitive form when they signed to do a series of commercials for Wilkins coffee. In the first of these, a happy character asked a grouchy type what he thought of the coffee. The grouchy said he had never tried it. Happy produced a cannon and blasted Grouch. Then he turned his cannon on the audience and asked: "What do you think of Wilkins coffee?" Sounding weary in the recollection, Henson admits, "We did about 160 of those."

He had made enough money to be able to drive his own Rolls-Royce to his college graduation, but he wasn't sure he wanted to remain a puppetmaster. He wandered off to Europe for several months, and there he met people who practiced puppeteering as an art. He returned to Washington certain of his direction. He and Jane were married a few months later, and both the marriage and the partnership prospered.

The rest is hysteria, as Kermit might say. The Muppets did guest appearances for everyone who had air time, and were well established by the time *Sesame Street* took form.



Jim and Jane Henson at poolside in their rented Hollywood house

Henson had everything except his own series, and this the networks refused to provide unless it was aimed strictly at children. Finally the FCC opened the 7:30 p.m. to 8 p.m. slot to local programming suitable for both children and adults, and HA! bypassed the networks by signing an extraordinary deal with Lord Grade's ACC group: 24 shows a year, international syndication, a healthy budget and complete artistic control.

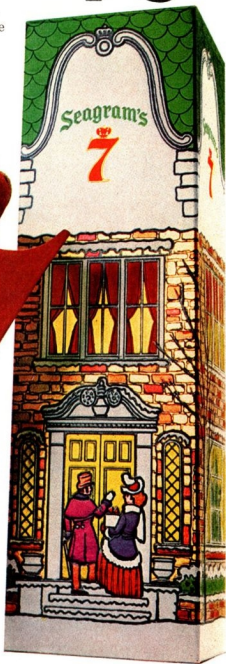
Jane Henson dropped out of full-time Muppeting to raise their children (all five of whom have worked on *The Muppet Show*). She says she reached her limit as a puppeteer when the Muppets began to talk. She still works from time to time on *Sesame Street*, voicelessly.

And Henson? Run a lab analysis of genius and you get a few dollars' worth of chemicals. Like his wife, he practices Transcendental Meditation, reads a lot, frequently about psychic phenomena, and lives fairly simply. He likes to play tennis and ski with the children. In London he enjoys an occasional evening of blackjack at a casino, and driving fast in a Kermit-green Lotus through the English countryside. Although Jim is away from the family home in Bedford, N.Y., for almost six months of each year, the Henson marriage seems to be anything but the disposable show business model. Jim and Jane possess powerful internal gyroscopes, which have not importantly changed direction in 20 years.

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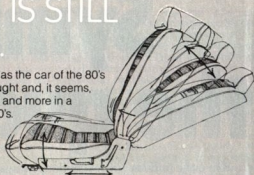
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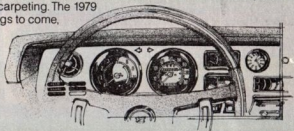
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Show Business

Muppets are riding in an old Studebaker, with Fozzie at the wheel, several others in the front seat and another bunch in the rear. Jammed under the dashboard and behind the back seat with all of their cables and TV monitors lie half a dozen puppets. In addition to Henson and Oz there are Jerry Nelson, who does Floyd and Dr. Strangepork, and can project nine different voices; Richard Hunt, a young, curly-headed, outgoing fellow who does Scooter and Sweetums; Dave Goelz (Zoot, Gonzo), a former industrial designer who got started when he saw Ernie on *Sesame Street* and made his own Ernie doll; and squeezed in somewhere, a Muppet newcomer named Steve Whitmire. The Muppet people work under conditions that would not be acceptable to tunnel rats.

The 100 days of shooting ended when all of the scenery fell down, as planned, in a movie-within-the-movie that Kermit and his friends were trying to make. Their fake, Styrofoam rainbow lay in pieces, but through a jagged hole in the sound-stage roof, a real rainbow was seen to shimmer. Happy ending. Quick, sweep the stage and pack the Muppets in their boxes, because taping for the new season's TV series begins in London in five days.

Muppets live in suitcases, and Muppet people live out of suitcases. Jim Henson gave up the key of his rented Mulholland Drive hacienda, with its obligatory indoor-outdoor clover-leaf-shaped pool, and flew to Manhattan. There he rallied the support troops at HA! headquarters and conferred with his increasingly large staff of business people.

Henson is clearly a gifted businessman, and on the point of becoming a very wealthy one, but he is secretive as a nesting hen when asked to talk figures. *The Muppet Show*, considered separately, is listed on the books as making no profit, in part because Henson keeps putting money back into the program. Help is on the way. "The long-range profit for this show is down the road, when it's syndicated and sold to the stations," says Henson. "It's a couple of years away." Lord Grade adds with satisfaction that the take from this "strip syndication"—the sale of a show for the same time slot several days a week—will be split equally between HA! and his ACC group and will mean "millions of dollars." Until then HA! is supported handsomely by fat merchandising contracts with such outfits as Fisher-Price Toys and Hallmark Cards. Inc. Muppet faces appear on coffee mugs, T-shirts, yo-yos, playing cards, pillowcases and anything else that will take an imprint. Henson is good at big money deals



Exploiting a love affair: the Muppets' imprint on an array of merchandise

Trust in Goblins, Yawn Openly

Isaac Bashevis Singer, the celebrated one-man band of Yiddish literature, has not yet appeared as a guest star on *The Muppet Show*, and such folderol may, indeed, have no part in his plans. But some of his remarks last week after he accepted the Nobel Prize for Literature in Stockholm suggest that, were he to do so, he and Muppetmaster Jim Henson might have a fruitful conversation as they waited for the cameras to be set up. An excerpt:

Ladies and gentlemen, there are 500 reasons why I began to write for children, but to save time I will mention only ten of them.

- ▶ Children read books, not reviews. They do not give a hoot about the critics.
- ▶ Children don't read to find their identity.
- ▶ They don't read to free themselves of guilt, quench the thirst for rebellion or get rid of alienation.
- ▶ They have no use for psychology.
- ▶ They detest sociology.
- ▶ They don't try to understand Kafka or *Finnegans Wake*.
- ▶ They still believe in God, the family, angels, devils, witches, goblins, logic, clarity, punctuation and other such obsolete stuff.
- ▶ They love interesting stories, not commentary, guides or footnotes.
- ▶ When a book is boring, they yawn openly, without any shame or fear of authority.
- ▶ They don't expect their beloved writer to redeem humanity. Young as they are, they know it is not in his power. Only the adults have such childish illusions.

and smart enough not to boast about them. "It's important to me that the audience doesn't think of us in terms of figures," he says. "I don't want people looking at the Muppets and thinking, 'How much are they worth?' It's just not us. It could be destructive to the show."

Henson has little time for brooding, even about money. After a few days of business talks in New York, he packed his winter clothes and a new tube of toothpaste and flew to London, where, according to his contract with Grade, the TV series must be taped. Within hours of his arrival, shooting had started. Several

of the pig Muppets had started an off-camera fight but had been quelled. Guest Star Harry Belafonte had overcome his initial queasiness at working with shaggy short people and had sung *The Banana Boat Song* with spirit, even though Captain Link Hogthrob pigged one of the bananas.

In New York City, Costumer Calista Hendrickson worked on a purple chiffon dress for Miss Piggy to use in one of the fall shows in which she dances cheek-to-cheek with Danny Kaye. She began to talk about what puppets mean to people, and that reminded her of the first time the Muppet crew met Edgar Bergen, who was the guest star on one of their early shows. "When he walked into our studio in London, they all gathered around him like children. And then the box was brought in, Charlie's box, and they all sank to the floor and sat in a circle around it. And then Bergen opened the box and Charlie came out and said hello and introduced himself around. He met Fozzie, and the two of them went on and on, all ad-libbed. No one moved an inch." Later, in Hollywood, Bergen did a cameo appearance in *The Muppet Movie*, and a few weeks later he died. "One of the stagehands on the movie couldn't understand why everybody was so affected by Bergen's death. 'You'd think Charlie McCarthy had died,' he said. One of the puppeteers whirled around and said, 'But he did! Don't you see? And so did Mortimer Snerd! And if Henson goes, Kermit goes!'"

Kermit is alive and well, and Charlie and Mortimer were, after all, only puppets. If the world were a wholly rational place, their claims on it would be small. But the fact is they do make claims, and strong ones. Kermit, rueful and dithered, frees a part of our own natures so absurd and defenseless that we would never let a human actor hold it in his hands. This freedom is wonderful, but there is a price. What these puppets mean to the millions of people who have watched them is almost embarrassing to express, because the feeling they evoke is nothing less than love.

— John Skow

Books

Bringing Up Bogie's Baby

LAUREN BACALL: BY MYSELF
Knopf; 377 pages; \$10.95

George S. Kaufman of Broadway saw it. Diana Vreeland of *Harper's Bazaar* saw it. Director Howard Hawks not only saw it but developed and packaged it for millions of entertainment-starved Americans emerging from the empty frying pans of the Depression into the fires of World War II.

This nascent "it," a combination of glamour and whatever it is that makes cookies tough, belonged to a teen-age girl from New York City, born Betty Perske and metamorphosed by Hawks and Warner Bros. publicity department into Lauren Bacall. She was the kind of sex symbol a fella could swap wisecracks with and then bring home to Mother. She became an instant addition to the fantasy lives of American males when she huskily told Humphrey Bogart in *To Have and Have Not*, "If you want anything, just whistle."

Bacall's autobiographical voice is not so sultry, seductive or worldly. "I am in love with the Arch of Triumph—aside from the Lincoln Memorial, it is the most moving monument my heart has beat to... We returned to Rome to prepare for our audience with the Pope. With my Jewish background, I was ill prepared... Bogie, Ted Moore, the camera operator, the Captain and I went fishing on Lake Albert. I caught a five-pound Nile perch and threw it back, just loved catching it."

She brings the same sort of breathless enthusiasm to her girlhood experiences in acting school, modeling, ushering, and selling *Actor's Cue* in front of Sardi's so her face would become familiar to producers. A big break came when Critic George Jean Nathan wrote that Lauren was "the prettiest theater usher" of the 1942 season. Off Broadway the spotlight was on Hitler, Mussolini and Tojo. Bacall danced with servicemen at the Stage Door Canteen, but her mind seems to have been exclusively on star wars.

She generously praises her friends, is discreet about most of her enemies and as demure as a schoolgirl about herself. One is never sure if her virginity was lost or simply faded slowly like the Cheshire cat. Still, the lady knows how to settle a score. On being romanced and jilted by Frank Sinatra after Bogart's death in 1957: "Actually, Frank did me a great favor—he saved me from the disaster our marriage would have been. The truth is he was probably smarter than I: he knew it couldn't work. But the truth also is that he behaved like a complete shit." When she writes about the end of her marriage



Lauren Bacall, nee Betty Perske, in New York



Starring with Bogart in *To Have and Have Not*
"It's always better in the daylight."

to Jason Robards, she is as cool and businesslike as a woman returning a defective toaster.

The reader is constantly aware—as the men in her later life must have been—that Bacall was, and to some extent always will be, Bogie's Baby. When they met in 1944 while co-starring in *To Have and Have Not*, she was 19 and he was 44. Bogart was unhappily married to a woman noted for her drinking and violent temper, so the courtship was stealthily conducted in trailers and friends' boats.

On and off the screen Bogart and Bacall caused a chemical reaction rivaled only by that of Tracy and Hepburn. The start was not promising: "He [Howard Hawks] said he thought he'd like to put me in a film with Cary Grant or Humphrey Bogart. I thought, 'Cary Grant—terrific! Humphrey Bogart—yucch.'"

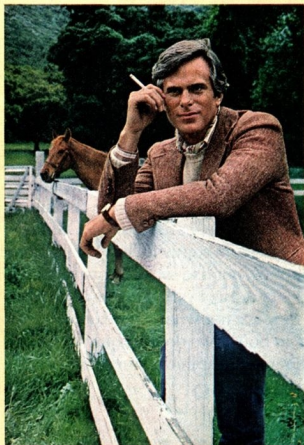
Yet when she describes the moment that their relationship became serious, one can almost hear a director shout "Cut and print": "It was about three weeks into the picture—the end of the day—I had one more shot, was sitting at the dressing table in the portable dressing room combing my hair. Bogie came in to bid me good night. He was standing behind me—when suddenly he leaned over, put his hand under my chin, and kissed me. It was impulsive—he was a bit shy—no lunging wolf tactics. He took a worn package of matches out of his pocket and asked me to put my phone number on the back. I did." His love letters too were everything a girl could want.

Their eleven-year marriage produced two children, a son Steve, named after the leading character in *To Have and Have Not*, and a daughter Leslie, after Leslie Howard, the British actor killed during the war.

Hollywood in the '40s was good duty. Though actors worked hard for the national morale and propaganda effort, the Garden of Allah life does not appear to have been greatly curtailed. The West Coast version of Stage Door Canteen took place at Cole Porter's house, where "he always had a few soldiers who had no place to go." Bogart did his part in the Coast Guard. Once a week he cruised the coastline off Balboa, keeping an eye peeled for the Japanese. Never have so few...

Bacall is not overly reflective about her times. She has a few standard warnings about the danger of Communist witch hunts. But mainly she clicks off the events and people in her life with the diligent rhythms of the *Twentieth Century Limited*, which she had boarded in 1943 to start her film career. The exception is when she recounts Bogart's stoic struggle with terminal cancer. Here her prose becomes spare and piercing: "I sat with him,

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Books

had coffee—he still couldn't forget the night before. I asked him if he felt better. 'It's always better in the daylight.' Sunday School was short, I had to collect my babies—I said I'd be right back and kissed him as I always did. Newspapers later printed that he said, 'Goodbye, Kid,' making it seem overly dramatic and pointed. It was not like that—it was just 'Goodbye, Kid,' in a most ordinary way under most extraordinary circumstances." In such passages the props of career and success are suddenly swept away, and *To Have and Have Not* becomes much more than a movie title.

—R.Z. Sheppard

Jeremiah II

A JEW TODAY

by Elie Wiesel

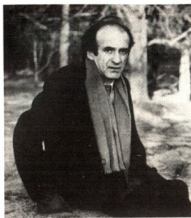
Random House; 208 pages; \$10

Elie Wiesel: once again that bitter voice of remembrance. It is like having Jeremiah or Amos in town, denouncing people for their sins. Just about everyone is stung in these pages: American Jews for not shouting loud enough when they knew what was happening in Hitler's concentration camps; European Christians for standing idly by or keeping silent against the encircling terror. Even God is indicted. The tone echoes an ancient Jewish tradition, epitomized in the fiercely mystical Hasidic teachers whose stories Wiesel tells so well, men taking issue with the Master when the universe is out of joint. And Wiesel's eyes saw a universe contorted out of all proportion when he was confined in Auschwitz during the Holocaust.

In his books and in the essays, letters and diary excerpts that make up this new volume, the Holocaust haunts every word. Wiesel's special accomplishment is that he has assigned himself the excruciating role of witness to the century's great crime without losing his hold on sanity and compassion.

The author is at his best in a section titled "Legends of Today." The parables are brief, ironic and heartbreaking. Here is one prisoner refusing the demand of a German officer to revile Jehovah. "Curse your God!" the officer screams, promising him an easy job if he does so. "God is God," the man prays. "God alone is God." "God" is on the man's lips as he dies. "I was there," testifies the martyr's son. "You see, my father... my father was a hero... But he was not a believer." There are other more pitiful tales: the family that can hide only one child safely, and must choose which one. Or a girl in a schoolroom, asking if there is no excuse, no mitigating evidence, for the Jewish Kapos in the camps: "Is there nothing, nothing at all to be said on behalf of my father?"

The diary excerpts reveal the breadth of Wiesel's concern. He mourns the death of Biafra and the extermination of an In-



Elie Wiesel

"Where has a people disappeared?"

dian tribe in Paraguay, confessing that his own indifference has made him an accomplice. He recognizes South Africa's enduring loyalty to Israel, but scorns apartheid and sides with the rebels of Soweto. In a selection of letters, though, he is less successful. One, to a young Palestinian Arab, expresses empathy, but then proceeds to lecture the young Arab on Jewish suffering and Arab terror, never mentioning the sometimes disproportionate Israeli reprisals.

Wiesel's hottest outrage is reserved for the so-called scholarship of revisionists who call the Holocaust a myth, or in the words of Northwestern Professor Arthur Butz, "the hoax of the century." Replies Wiesel: "Where has a people disappeared? Where are they hiding?" In fury, he asks why academics have not boycotted Butz and why students have not walked out on his classes.

In fact, there seems little danger that such revisionists will be taken seriously. If they have any useful function it is to spark Wiesel into passages that recall Isaac Bashevis Singer's definition of Jews as "a people who can't sleep themselves and let nobody else sleep." While Elie Wiesel lives and writes, there will be no rest for the wicked, the uncaring or anyone else.

—Mayo Mohs

Cracks Wise and Otherwise

THE GOOD WORD
AND OTHER WORDS
by Wilfrid Sheed

Dutton; 300 pages; \$10.95

The difference between a critic and a reviewer is that a critic can pick his fights. A reviewer must be able to take on anyone in the bar. Wilfrid Sheed is a reviewer, and in his weight class, one of the best in America. He has the good taste to know that glibness is slightly shabby.

But in this new volume of analysis and invective, what he writes about E.B. White's style ("White's notes to the milkman achieve effects that the others sat up all night for") could be said by others about Sheed's own prose.

In a piece about Watergate literature, for instance, he speaks of "the firm jaw and the empty sentence. Any good comic writer can do you a Sam Ervin, but Howard Baker is a work of art." Examining the predicament of fiction writers in an age when all psychological twitches are relentlessly understood, he observes: "Since jealousy is now curable, like TB, we can't have people dying of it any more. A few rap sessions, some fearless touching, and a new sense of self-worth would have Othello and Iago and Hamlet and Juliet back on their feet in no time."

On a more volatile subject, Sheed concludes: "At present, most reviews of books by blacks are critically worthless. White reviewers tend to babble ingratiatingly, as if they'd just received a death threat."

"The first extravagant praise," he notes, "kills writers like frost. Whom the gods would destroy, they first oversell."

There is just as much uncommon sense in the observation that once E.M. Forster was identified as a homosexual, a universal writer was diminished to the status of "a propaganda counter in a winless war." We've got Whitman, and I'm pretty sure we've got Byron, and we're still working on the big case, Shakespeare, say the Gays. And the Straights reply by hanging on to Shakespeare's Dark Lady for dear life and giving up Whitman altogether.

"But who can read any of them intelligently with all this gabble going on? In the big game of is he or isn't he, the author is the one sure loser."

Most of these pieces appeared in the *New York Times Book Review*, for which the reviewer wrote a column, now regrettably defunct, called "The Good Word," or the *New York Review of Books*. Sheed's opinions seem right most of the time, but not so invariably right as to be insufferable. Too much rightness shuts off debate and stifles the thought process. Sheed provides a good mixture of wisdom and nonsense, so that the reader finds himself saying, "Yeah, yeah, right," and then, "Now wait a minute!" He is properly appreciative of Edmund Wilson, sound on Walker Percy and P.G. Wodehouse, and amusing about the mandarins of New York film reviewing. He goes awry when he tries to deal with Hemingway, perceiving the selfishness and neuroticism but for the most part missing the art. Never mind; for Sheed's work, the good word is an honest title. Describing his trade, the author writes: "Toil, envy, want, the patron and the jail," is how Sam Johnson, blues singer, described the writer's life." A lovely, far-away phrase, that "blues singer," in a fine, argumentative book.

—John Skow

Cinema



Donald Sutherland protects Brooke Adams from the pod people

Twice-Told Tale

INVASION OF THE BODY
SNATCHERS

Directed by Philip Kaufman
Screenplay by W.D. Richter

It is pointless and impossible simply to remake a happily remembered old movie. There is an irresistible urge to improve it, expand it, stamp it with the personalities of the remakers. So it is with the new, all-new version of *Invasion of the Body Snatchers*, which was just fine, thank you, as a cheap, neat, slightly loony sci-fi horror picture in 1956.

It's the one about these seeds that drift through outer space, take root on earth and grow into large pods, each of which contains a simulacrum of a human being. When fully ripened, the pod is capable of replacing, with no one the wiser, the individual it perfectly replicates physically. The trouble is that the pod people are the living dead, incapable of emotion or strong belief. In the old movie, a small-town doctor and his lady bravely, exhaustingly and with no assistance tried to resist the takeover. In its day, *Invasion* made a moving and exciting film. Among other things, it was a metaphorical assault on the times when, under the impress of McCarthyism and two barbecues in every backyard, the entire Lonely Crowd seemed to be turning into pod people. The remakers have missed that point, failing to update the metaphor so that it effectively attacks the noisier, more self-absorbed conformity of the '70s.

Doubtless they felt that by resetting the story in San Francisco, that great breeding ground of contemporary aberration, they might be able to do some salutary social criticism. Indeed, Leonard Nimoy is quite good as a piously trendy shrink who turns out to be the pods' se-

cret leader. But, on the whole, the San Francisco setting is a mistake. It is barely believable that the alien invaders could take root in a small, isolated town, as they did in the original. It is ridiculous to think that they could take over a huge metropolitan area without arousing opposition from more than a handful of people or the interest of the press, which might be counted on to observe with interest phenomena like masses of citizens lined up to collect their pods. The fact is that this film wants to have it both ways: to have a more urbane, more "important" scope than the original, and yet retain some of its inexpensive intimacy as well.

That is not the end of the problems. W.D. Richter's script, especially in the early, expository going, is often laughably literal, and therefore incapable of establishing an air of mystery as people start becoming strangely abstract and distant. Director Philip Kaufman unwittingly gets too close to the pods, trying to show just how the transformation works. He would have been wise to let our imaginations run riot on this matter rather than permitting his special effects people to do so, since all they come up with is some grimly gunky stuff, not nearly as suggestive as the sudsy goo that the 1956 pod people emerged from. He would also have been wise to quick-march past a lot of the story's inherent illogicalities.

If there is a hero in the new film, it is Donald Sutherland, who gives an energetic, intelligent, emotionally rangy performance as the public health officer working on the case. There is nothing wrong, either, with Brooke Adams as his colleague and lover. But, sadly, they cannot compensate for all the other mistakes in a film that lingers too long and too soberly over material that, as the original showed, must be quickly, even superficially handled, if it is to be accepted at all.

— Richard Schickel

Winter Camp

MOMENT BY MOMENT

Directed and Written
by Jane Wagner

Moment by Moment is an awful movie, but it may some day occupy a halcyon place in the pantheon of high camp. This isn't your everyday Hollywood booboo; the film is downright perverse. For a couple of hours, two of the screen's best actors, John Travolta and Lily Tomlin, walk around overdecorated rooms and whisper sweet nothings to each other. They have sex in a Jacuzzi full of bubble bath. They build sand castles on a Malibu beach. They fondle cute dogs. They say things like: "I don't even know what the word love means any more" and "I've had it with cheap sex." Is this someone's idea of a big joke?

Maybe, just maybe, it is. Jane Wagner, the film's scenarist and director, has long been one of Tomlin's most able comedy writers. At some point, perhaps, she conceived *Moment by Moment* as an extended stand-up routine or as a screwball romance along the lines of the old Carole Lombard-William Powell comedy, *My Man Godfrey* (which is quoted in the film). But the movie's subject, a liaison between a bored Beverly Hills matron and a younger man, is too provocative to be entirely laughed away. Wagner deals with this dilemma by switching her tone from scene to scene, almost always without warning. Embarrassingly enough, the sentimental moments are far funnier than Wagner's wisecracks about Southern California mores. The suds are soon indistinguishable from



Lily Tomlin in *Moment by Moment*

A tidal wave of inanity.

the froth, and *Moment by Moment* becomes a tidal wave of inanity.

The big loser in the ensuing chaos is Tomlin. As written by Wagner, the film's heroine is defined more by brand names (Gucci, Mercedes, Perrier) than emotions or intellect. There are only silly plot devices to motivate her on-again, off-again affair with the street-kid hero, Strip. Tomlin has so little to work with that she falls back on fey comic mannerisms and, finally, phony swoons and sighs. It is the first time that this usually empathetic actress has stood completely outside the character she is playing. Instead of creating a latter-day version of Anne Bancroft's Mrs. Robinson, she comes across like a somnolent Elaine May.

Since Travolta's lines, however dripping, are all written to be read sincerely, he escapes *Moment by Moment* alive. He works powerfully hard to make Strip vulnerable and compassionate: watching him, one can imagine how the film might have dealt seriously with the issues it raises about men and women. Travolta alone, of course, cannot save the movie, but it is reassuring to know that there is at least one professional on-screen.

Whether Travolta is enough to pull in huge audiences this time around is an open question: next to this film, *Grease* starts to look like *Citizen Kane*. He appears fairly often in his *Saturday Night Fever* bikini briefs, but *Moment by Moment*'s sexual drift is more than a little ambiguous. When Tomlin touches his body, she does so in the clinical manner of a doctor probing for telltale lumps. When Travolta joins her in bed, he seems to be making love to a mirror image of himself. There is no erotic chemistry whatever, but the romantic trysts do reinforce the guiding spirit behind the movie. For those who toil in the never-never land of camp, heterosexuality is still the biggest joke of all.

— Frank Rich



John Travolta

An island of professionalism.

Theater



Scene from the new musical, *Ballroom*, in which couples swirl the night away

Danse Nocturne

BALLROOM

Directed and Choreographed
by Michael Bennett

Dance has become Broadway's dominant metaphor for vitality, renewal and survival in the past few seasons. *A Chorus Line* pumped such tingling life into Shubert Alley that the entire theater district began pulsating with an almost forgotten excitement.

Hints of the dance revolution appeared as early as *Follies* and *Chicago*. Fittingly, Michael Bennett, who became a choreographer-king with *Chorus Line*, had provided the dance numbers for *Follies*. And Bob Fosse, the dance wizard who choreographed *Chicago*, enlarged his Broadway dominion with *Dancin'*, a bookless paean to the sensuous dynamics of the human body.

With *Ballroom*, Director-Choreographer Bennett adds still another dimension to the dance musical, not in innovation, but in mood. He adds a grace note of affection. Here is a musical in which the key characters are not afraid to wear their hearts on their ballroom slippers. Past the prime of youth, dispossessed by happenstance and the ironic fragility of existence, but still possessed by fantasies and dreams, the couples who converge under the glittering lights of the Stardust Ballroom are embracing hope, renewing their lease on life. *Ballroom* is their middle-aged *Saturday Night Fever*.

The book, by Jerome Kass, is toothpick-thin. Bea Asher (Dorothy Loudon), a widow of one year's weeds who runs a secondhand clothes shop, is coaxed into taking a timid step onto the floor of the Stardust Ballroom by her breezy friend Angie (Patricia Drylie). There she meets

Alfred Rossi (Vincent Gardenia), a portly, kindly mailman with taglines from Shakespeare on his lips. It is not that Bea and Al are made for each other, but, like many couples, they need each other. There is a compassionate understanding in their diffident wooing even though the book narrowly skirts sentimentality.

Eventually, Bea is crowned queen of the Stardust Ballroom, but her tiara has its thorns. Al tells her that he is married, and he is clearly not the sort of man who would desert his family. Bea not only has to brave her own mixed emotions but to parry the shocked rebuke of her singularly unfeeling sister-in-law (Sally-Jane Heit) who apparently regards a widow's proper lot as perpetual purdah.

Dorothy Loudon, who has a warm feminine vulnerability that is endearing, is less lucky with her singing voice which sounds a bit like a scratchy record. She is not helped by the show's grade-school lyrics, supplied by Alan and Marilyn Bergman, nor by its major deficiency, the Billy Goldenberg score, which would have benefited from golden oldies rather than shallow derivatives.

Of course, the dances are the evening's glory. Bennett puts his troupe through the arching rhythmic shapes of the tango, samba and foxtrot with the authority of a choreographic Picasso, making the stage a canvas for a riot of disciplined motion. The costumes, designed by Theoni V. Aldredge, swirl with the grace of bullfighters' capes and may mark a renaissance of theatrical elegance. Robin Wagner's revolving mirrors are the stuff that midnight magic is made of, and Tharon Musser's lighting sends out a tracer stream of romance.

In its rejuvenating enchantment, *Ballroom* may be what Ponce de Leon was looking for.

— T.E. Kalem

Time Essay

The '70s: A Time of Pause

Once gone, and often before, every decade migrates into the vocabulary of folklore. There it persists as a sort of handy hieroglyph for conjuring up popular memories of a time. So it is that "the '20s," as a phrase, evokes not only *The Great Gatsby* but more social lore than the entire text of the novel. Similarly, to allude to the '30s, the '40s, the '50s or the '60s is to speak volumes. In contrast, the '70s have not, so to speak, learned to talk.

The waning decade has remained elusive, unfocused, a patchwork of dramatics awaiting a drama. Here on the brink of the '80s, it would still be risky to guess what people will mean when they speak of the '70s ten years from now. Why have these times seemed so indefinite?

There are doubtless many reasons. An odd but important one is that the '60s lasted too long. As folklore, decades seldom observe the calendar's nice limits. The '20s actually began with the adoption of Prohibition; the '30s, launched by the 1929 crash, did not end until 1941, when the U.S. entered the big war. The election of Dwight Eisenhower as President in 1952 began the time consistently, if imperfectly, remembered as the quiet '50s. The furies and griefs that are recalled as the essence of the '60s began not in 1960 but at the death of John Kennedy. Then came that brutal ransacking of the national spirit that did not even pause at the end of 1969 but continued through the disillusionments of Watergate. The '60s did not really let go until Richard Nixon resigned.

So it may be that the '70s, having started late, have not been going on long enough to give clear shape to whatever they are finally to be. At first, they could scarcely be recognized except by what they were not. Mainly, they were not the '60s. To an exhausted, convalescent society this was a relief but also disconcerting. It was not easy, even with Jerry Ford in the White House, to begin watching for pratfalls instead of apocalypses. Still, by the time Jimmy Carter tried to whip up a moral crusade for energy conservation, much of the country seemed to have perfected the knack of shrugging off the alarms of crisis. It was easy to read that mood as indifference, but it is more reasonable to suppose the country just needed a rest.

It did not come to a dead standstill, however, and the record of the trends and tendencies of the brief post-'60s period has become clear enough. So has the fact that the record is shot through with perplexing contradictions. Any attentive observer could jot down a fast thumbnailer of the '70s so far:

The voters were apathetic; no, they were outraged at taxes and mobilized to demand reform. People had given up on the capacities of government; no, citizens everywhere were forming diligent factions and forcing government's hand on one issue and another. The individual had learned he could not change anything; no, so many individuals had learned they could shake things up in court that there was a litigation crisis.

More: Society had slumped into a posture of cynical disbelief; no, the search for spiritual illumination was epidemic and had grown so fervent (so Columnist Harriet Van Horne claimed last week) that it was endangering the state-church separation. The moral permissiveness achieved in the '60s was ripening into generalized decadence; no, not only was fidelity grow-

ing fashionable once again, but television was even cutting back on sex and violence for fear of losing the mass audience.

Clearly this social flux consisted more of motion than of movement. The women's liberation movement may turn out to be profoundly epochal, but neither it nor any other trend gripped or provoked the nation as did, say, the now quiescent civil rights crusade. Surely no single label or slogan could possibly embrace such a diffuse drama, and efforts to encapsulate these times in a single-shot insight have been quite unconvincing.

Some have called it the "apathetic age," but to accept this is to be blind to boundless activity by innumerable social and political groups. In its farewell issue, *New Times* depicted this as a "decadent" age; yet the magazine itself, though born out of the sensibilities of the '60s, went out sounding a faintly puritanical note that was proof that not everything had been infected by decadence. American journalism has always been inspired more by the Mafia than by the Gray Ladies. Moreover, it has a re-

curring weakness for the kind of tunnel vision that imagines a glimpse into Plato's Retreat reveals the daydreams of the inhabitants of Texarkana. So it is useful to remember the warp of many impressions of the '70s that have gained currency. Some result from the tendency to mistake the new and exotic for the prevalent and enduring.

Many commentators, all too many, have followed the lead of New Journalist Tom Wolfe and accepted the '70s as the "me decade." Wolfe's term has been useful, but anyone who imagines that it is definitive has swallowed a dose of glib chic whole.

The discovery of the insuperable self-centeredness of human nature did not await the '70s. Neither did the national habit of self-improvement, which was going strong when Public Man Ben Franklin was its high priest. Broadly, the premise of the "me decade" view is that great numbers of people are disdainful society to pursue existence as narcissistic massage buffs, om-sayers, encounter groupies and peacocks. The type is to be found, true, but the number seems very small. A thousand times as many Americans are to be found at any time—around hospitals, churches, offices, schools, neighborhoods—all as lost as ever in the volunteerism that has been a striking phenomenon of the national character since Tocqueville came meandering about. Thank God he did not get his information from the crowd at Elaine's.

Anyhow, self-improvement is not incompatible with sociability. Even joggers have been known to donate to the United Fund. Such matters ought also to be spread on the record—but without any intent to identify the '70s as the "civic decade." It has, unquestionably, been a confused time, neither here nor there, neither the best nor worst of times, as free of a predominant theme as of a singular direction. Maybe the reason is not even visible. Maybe the little energy left over from the '60s got mostly spent, in secret, on assimilating and liquidating the traumas and griefs of that overlong epoch. If so, then perhaps the most memorable thing about the '70s has been simply that, as Stanford Sociologist Seymour Martin Lipset observed, "nothing disastrous is happening." Such a historical pause may not at the moment seem worth remembering—but it will as soon as disaster drops among us again.

—Frank Trippett



The distressed '30s began early, the furious '60s spilled into the '70s





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